

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Fresh fears over  
airport  
security, Page 2

## World news

## Business summary

### War of words in TWA bombing

Italy and Egypt yesterday accused each other for the failure in security measures which led to the explosion in a TWA airliner over Greece and the death of four of its passengers.

Mr Oscar Scalfaro, the Italian Interior Minister, said a known terrorist suspect boarded the aircraft in Cairo and disembarked in Athens on the first leg of the airliner's journey. The man occupied exactly the place where the explosion occurred on the return leg from Rome to Cairo.

The Italian allegations were hotly denied by an Egyptian security official in Cairo who said yesterday "that aircraft left here completely clean." Page 29

### Kolisto moves

A strike by more than 15,000 employees, including his own service staff, forced Finnish President Mauno Koivisto to move from his Helsinki palace to a state guest house in the suburbs.

### Sabah poll

New elections will be held in Malaysia's politically troubled Sabah state on May 5 and 6. Page 5

### Moscow says no

The Soviet Union will not accept the invitation to observe US nuclear weapon tests in Nevada, a Moscow atomic energy official said in Geneva. Page 3

### Chile protest

Riot police and troops in combat uniform sealed off the copper town of Chuquibambilla as 1,500 miners staged a protest march against Chile's military government.

### IMF ordered out

Peru has ordered the International Monetary Fund to close its mission in Lima because the Government did not "accept financial conditions of any kind."

### Aquino paid

President Corason Aquino has received her first pay cheque of 8,804.70 pesos (\$440) for her first 34 days as Philippine head of state.

### Beirut clashes

Sporadic fighting between Shia Muslims and Palestinians broke out in Beirut, threatening to reignite clashes in Palestinian camps, residents said.

### Observers quit

French ceasefire observers in Lebanon left for home, ending a two-year mission monitoring clashes among rival militias in Beirut.

### Taxed forms out

The Portuguese Parliament voted to abolish the taxed paper forms on which applications to official bodies must be made in an attempt to smooth bureaucratic procedures. Page 2

### Sentence extended

Sergei Khodotovich, administrator of a fund founded by exiled Soviet writer Alexander Solzhenitsyn, told families of Soviet political prisoners, has been sentenced to a second consecutive term in a labour camp.

### Trade talks continue

West German Economics Minister Martin Bangemann said trade talks with Soviet officials were not affected by Bonn's Star Wars research pact with the US signed only a week ago.

### Singer dies

Tenor Sir Peter Pears, one of Britain's best known singers and lifelong friend of late composer Benjamin Britten, died aged 75.

### Genstar accepts Imasco bid

GENSTAR, Canadian financial services and property group, accepted an increased C\$58 (US\$41.7) a share offer from Imasco, the food, tobacco and retailing group. Page 21

### WALL STREET: By 2pm the Dow Jones industrial average was up 0.84 at 1,796.10. Page 44

TOKYO: Wary investors sent the market plunging downwards but a late rally reclaimed some of these early losses. The Nikkei average registered its fourth steepest fall ever of 282.27 to 15,272.24. Page 44

LONDON: Stores led the charge upwards on takeover attempts in the sector. The FT Ordinary index closed 6.5 higher at 1,425.9 and the FTSE 100 added 14.7 to 1,717.8. Page 44

DOLLAR finished higher in London, closing at DM 2.386 (DM 2.375), SF 1.996 (SF 1.9825), FF 7.395 (FF 7.295) and Y179.85 (Y178.5). On Bank of England figures, the dollar's exchange rate index rose to 120.6 from 119.8. Page 37

STERLING was weaker against the dollar in London, closing at \$1.458 (\$1.4715). It also fell to DM 3.4775 (DM 3.495), SF 2.43 (SF 2.4175) and Y262.0 (Y264.25) but was higher at FF 10.7825 (FF 10.735). The pound's exchange rate index was unchanged at 76.5. Page 37

GOLD fell \$2.25 an ounce on the London bullion market to \$333.25 and was \$1.50 lower in Zurich, at \$335.25. In New York the Comex June settlement was \$336.2. Page 36

CONSOR, Italian Stock Exchange regulatory authority, has tightened its rules on options trading, making it compulsory for dealers to prove they hold options before they sell them. Page 21

WESTLIFE INTERNATIONAL, Luxembourg subsidiary of West German Landsbank, West Germany's "biggest" publicly owned bank, increased its operating profits by 23 per cent to a record DM 150m (\$63.6m). Page 21

CREDIT LYONNAIS, second-largest nationalised French bank, said a more favourable tax position and savings on non-recurring items helped lift its net profit by 19.8 per cent to FF 442m (\$61.8m). Page 21

US BANKRUPTCY court approved a settlement plan for ESM Government Securities under which creditors will receive \$35m of the \$350m they are owed. Page 21

SEVEN leading Canadian securities dealers have set up the first jointly owned mutual fund management company in North America. Page 21

CONSORTIUM headed by Justus Dornier, West German industrialist, has dropped its bid for Canadian Government-owned aerospace group. The five remaining potential buyers are all Canadian. Page 21

### COMPANIES

HOOGMOED, Dutch steel maker, is stepping up its dividend and plans a rights issue after a 35 per cent increase in net profit to F127.8m (\$106m) for 1985. Page 21

PHILLIPS PETROLEUM, US integrated oil company, plans to reduce its workforce by between 2,000 and 2,500 in response to the changing economic climate in the oil industry. Page 22

GPA, UK-based aviation leasing company which claims to be the world's largest, is about to complete a \$125m private share placement in Japan, the US and Britain. Page 21

HONG KONG holding company Cheung Kong more than doubled profits in 1985 to HK\$551.7m (US\$70.6m). Page 23

ITT, US-based telecommunications conglomerate, said Harold Miller, who presided over the failure of attempts to adapt its System 12 telephone switching system to the US market, had been moved to a "special assignment." Page 21

## Natal moderates seek multiracial provincial assembly

BY ANTHONY ROBINSON IN DURBAN

MODERATE political and community leaders of all races yesterday began a controversial attempt to replace the present racially divided provincial government of South Africa's Natal province with a single, multiracial legislative assembly which could set a precedent for a future non-racial, federal structure for the country, writes Anthony Robinson in Durban.

The so-called KwaZulu-Natal "Indaba," the Zulu word for a meeting of chiefs, opened in the Durban City Hall with more than 30 delegates representing the province's main political and economic forces but was boycotted by radical political groups from both left and right.

The aim of the "Indaba," which is expected to last for at least three months, is to replace the province's present division between a white-dominated Natal provincial administration and the black homeland of KwaZulu with a unified legislative assembly for the entire province.

The National Party Government in Pretoria, which originally rejected the proposal when first advocated by the Buthezi Commission in 1961, remains noncommittal about the idea. But it agreed to send observers to the Indaba in the form of leading local party politicians.

Nine black radical and white conservative groups - ranging from the banned African National Congress (ANC) and United Democratic Front (UDF) to the right-wing white Conservative and Hertergiste National Party (HNP) refused to take part in the proceedings.

Chief Gatsba Buthezi, Chief Minister of KwaZulu and one of the key movers in the indaba idea - which has been fiercely attacked by radical blacks - warned that those

participating could expect strong intimidation from what he termed "saboteurs."

Describing the indaba as a "potential turning point in the history of South Africa," Chief Buthezi warned: "There is a strong lobby which operates on the basis that the time for dialogue, reconciliation and negotiation is past. They believe that the only thing left to do is main, burn and kill each other in order to bring about change. We say such a moment has not come as yet."

He strongly criticised those who refused to take part in the indaba. "Any force which is opposing apartheid and which is not democratic enough to permit people at a local level to talk about local affairs together or permit people at the regional level to do the same, has no democratic right to be in politics," he said in his opening remarks.

Ten days ago, the Natal University offices of Professor Lawrence Schlemmer, one of South Africa's

leading social scientists who has provided much of the research work and intellectual input behind the "Kwanal" concept, was also destroyed in an arson attack.

Supporters of the "Kwanal option" point to several unique factors which make Natal the logical starting point to break down artificial apartheid barriers. The province has a high proportion of English rather than Afrikaans speaking whites as well as 90 per cent of the country's 900,000 Indians. Furthermore, the Zulus, who number more than 5m, are led by one of the few black leaders who is willing to negotiate for something less than one man, one vote and is prepared to offer to negotiate safeguards for minorities.

Sanctions call welcomed, Page 5; Editorial comment, Page 18

## China slashes N-power plans and role of foreign groups

BY ROBERT THOMSON IN PEKING

CHINA yesterday announced a significant slowing down of its nuclear power programme. One important project has been postponed indefinitely, and all future plans will be built for the most part with Chinese equipment.

Li Peng, a Chinese Vice Premier, said yesterday that a 2,000 MW plant planned for Suzhou, near Shanghai, for which West Germany's Kraftwerk Union and France's Framatome had been bidding for more than seven years, was unlikely to go ahead.

China had planned to build 10 nuclear power stations by the end of the century, Li said yesterday. However, that nuclear power would now be only a "supplement" to hydroelectric and thermal power generation. "I don't think there will be an ambitious plan for building nuclear power stations," the vice premier said.

The Chinese decision, largely based on the cost of technology from the West, will drastically reduce the scope of a market previously estimated by foreign companies to be worth up to \$20bn over the next decade.

Li also said that China would send a study group to examine nuclear power techniques in the Soviet Union in a visit which could lead to a nuclear co-operation agreement between the two countries.

Agreement was reached on the visit during the first meeting in Peking last month of a Sino-Soviet commission on economic, trade, scientific and technological co-operation.

The change in Chinese policy is a blow to US companies who had eagerly awaited a Sino-US nuclear co-operation agreement, formally com-

pleted late last December, enabling US companies to sell equipment in China.

China will no longer import complete plants, as it has for the \$4.1m project at Daya Bay in Southern China, the only facility for which foreign participation has been finalised after almost a decade of discussion. The companies with agreements are Framatome, Electricite de France, and Britain's GEC.

He said that "in the future we will mainly rely on our own efforts for building power stations" and will "change the practice of importing nuclear power stations from abroad. Only one plant using Chinese-made equipment is under way. That facility at Qinshan, near Shanghai, has apparently been under construction since 1972.

Li also announced that a committee had been set up to examine the feasibility of the proposal to build the massive Three Gorges dam on the Yangtze River in south-west China.

The project, which has been discussed for over three decades, could cost between \$10bn and \$20bn and involve the resettlement of thousands of people. The dam would bring "very important results" in power generation, navigation and irrigation, Li said, but the Government was taking a "cautious and positive" approach to the scheme.

## US view on prices changing, says Opec

By Dominic Lawson in London

OPEC's president claimed yesterday that the US had changed its stance on world oil prices.

Dr Arturo Hernandez Grisanti, who is also the Venezuelan Oil Minister, seized on remarks made by Mr George Bush, the US Vice President, that he would be visiting Saudi Arabia in a forthcoming visit that oil prices should be stabilised.

Until now, Dr Grisanti said, the US had said that prices should be left to the market. The Opec president urged Mr Bush to "talk to the British about cutting production."

Saudi Arabia is likely to give Mr Bush a similar message, but the UK Government is adamant that it should be left to the operating companies to decide on any cuts in North Sea production.

Opec ministers confirmed yesterday that they are to meet in extraordinary session in Geneva on April 15, quashing market speculation that the meeting had been called off.

Brent oil prices were slightly weaker yesterday with an April cargo sold at \$19.57 a barrel compared with Wednesday's trading range around \$19.15. The \$10 barrel was broken for the first time since early this week when a cargo of Brent for delivery in July was sold at \$20.90 a barrel.

Prices on the New York Mercantile Exchange were little changed on the day, with May contracts of West Texas crude quoted at \$11.50 a barrel.

Mr Peter Bentel, oil analyst at Rudolf Wolff in New York, said: "The market is confused by recent petro-politics on the part of Opec and the US."

Amoco UK plant blocked, Page 8; Phillips Petroleum job cuts, Page 22

## Cheaper oil forces Moscow to cut Western imports

BY PATRICK COCKBURN IN MOSCOW

THE Soviet Union will reduce its foreign imports by between a quarter and a third this year, Mr Boris Aristov, the Soviet Foreign Trade Minister, has told Western diplomats.

The cut in Soviet imports from Western industrialised countries, which totalled \$26bn last year, is the result of the fall in the price of oil, which makes up 60 per cent of Soviet hard currency exports.

Soviet officials have made clear to Western diplomats that Moscow is not prepared to finance its present level of imports through borrowing. The likely casualties are big projects and consumer goods, while imports of equipment for the oil and energy industries, agriculture and the refurbishment of existing plant are likely to receive priority.

The Soviet Union is the world's largest oil producer with an output of some 12m barrels a day (b/d), consuming some 8.8m b/d itself in 1984 and exporting the remainder to East and Western Europe.

The Soviet Union traditionally stays out of the European oil market in the first quarter of the year, when its internal demand is at a peak. It is now negotiating with its contract customers in an attempt to return to the market, by offering netback deals which guarantee refiners a profit.

But a trader said yesterday: "The Soviets are flooding the market with proposals, not oil. Their best offer to date still works out at about \$13 a barrel, which is not attractive."

The easiest way for the Soviet Union to do this is to take more of its agricultural imports from Italy and France

Soviet Oil Minister, has said that Soviet oil enterprises have kept high production rates this year, notably in the crucial oil province of Tyumen in west Siberia. Last year, Soviet oil output was down to 85m tonnes compared with 61.3m tonnes in 1984.

Mr Dinkov singled out inadequate repair services as a major reason for the Soviet oil industry failing to meet its targets. According to the Daily Trust, the number of wells not producing in west Siberia has grown from 4,200 to 4,863.

The seriousness of the general energy situation facing the Soviet Union is unclear because it is largely dependent on the success of plans to substitute gas for oil in power stations.

The fall in Soviet oil revenues is bound to affect Moscow's trading partners, particularly in Western Europe. In 1984, out of total Soviet hard currency exports of \$31bn some \$22bn went to Western Europe.

Moscow's biggest trading partner in the West is West Germany, whose economics Minister, Mr Martin Bangemann, is having talks in Moscow. West Germany may be particularly vulnerable, in trade balance terms, to Soviet cuts in imports because it is less able than France and Italy to reduce Soviet gas imports. Both France and Italy have pressed the Soviet Union hard to take more of their exports to redress an adverse trade balance.

The easiest way for the Soviet Union to do this is to take more of its agricultural imports from Italy and France

Meanwhile, Mr Vasil Dinkov, the

## Britain's Woolworth rejects £1¼bn takeover

By Charles Batchelor in London

DIXONS, a fast-growing British electrical retailer, yesterday launched a £1¼bn (about \$2.50bn) takeover bid for Woolworth Holdings, the UK stores group. Woolworth rejected the Dixons bid as "unrealistic and unacceptable."

A successful bid would create Britain's sixth biggest retail group in terms of turnover.

The Dixons bid follows a series of takeovers and mergers which have altered the shape of British retailing. Habitat-Mothereaux and British Home Stores arranged an amicable merger, and Burton acquired Debenhams after a tough battle.

Woolworth Holdings has no connection with Woolworth of the US, which sold its 52.6 per cent controlling interest in 1982.

Woolworth has been the subject of intense stock market speculation in recent weeks with Dixons only one of a number of retailers suggested as potential bidders.

The bid comes only 15 months after Dixons acquired Currys, its main electrical retailing rival, in a bitter £248m campaign. It is also only 3½ years since a new management team headed by Mr John Beckett, former chief executive of British Sugar Corporation, and backed by a group of UK financial institutions took control at Woolworth in an attempt to improve its "sleeping giant" image.

Mr Stanley Kalms, Dixons chairman, said: "Woolworth derived quick benefits from the sale of property and better housekeeping but it's now left wandering in the High Street searching for a credible retailing strategy."

There's no design in the Woolworth's shops to make them attractive. People go in for their pick and mix sweets, spend a quid and then they're off."

Dixons plans to achieve an immediate improvement by repositioning the various departments in Woolworth's stores to give greater prominence to more expensive - and more profitable - items.

Within the space of three to four years it plans to convert them into more attractively designed stores concentrating on the areas of home, entertainment and leisure.

In practice this means a greater emphasis on do-it-yourself items, gardening, personal care products, kitchen appliances, cookware records and tapes.

The combined group would have a total of 1,725 stores - 675 from Woolworth - with a total sales area of

Continued on Page 20  
Lex, Page 20; Background, Page 26

## EEC plans import restrictions in retaliation for US quotas

BY PAUL CHEESERIGHT IN BRUSSELS

EUROPEAN Community countries and officials from the Commission in Brussels have started to draw up a list of US products on which import restrictions could be placed next month.

Restrictions would be retaliation for a series of quotas the US decided late on Wednesday to place on Community products.

These are the latest moves in the transatlantic tit-for-tat squabble over the trade effects of Spanish and Portuguese entry to the Community.

They signal a fresh deterioration in US-EEC commercial relations, unless a high level meeting planned on the side of the ministerial con-

ference of the Organisation for Economic Co-operation and Development checks the process.

On April 17-18 in Paris, Mr Richard Lyng, the US Agriculture Secretary, and Mr Clayton Yeutter, the US Trade Representative, will meet Mr Willy de Clercq and Mr Frans Andriessen, respectively the EEC commissioners for external affairs and agriculture.

The current dispute springs from the measures being taken to fit Spain and Portugal into the EEC's Common Agricultural Policy and common customs tariff.

Because temporary import controls have been placed on Portuguese imports of soybeans, the US

will from May 1 place an unspecified quota on high quality white wine from the EEC. This trade was worth Ecu 268m (\$244m) last year. The main suppliers are France, West Germany and Italy.

Again from May 1, the US will raise tariffs on EEC apples, fruit juice, beer and biscuits, in return for the EEC decision to reserve 15 per cent of the Portuguese grain market to Community suppliers.

From July 1, the US plans to raise tariffs by an undisclosed amount on EEC sausages, cheese, vegetables, coffee extract, gin, whisky, brandy and mineral waters.

Finance ministers meet, Page 6; Feature, Page 18

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## EUROPEAN NEWS

# Wine maker from north-east Italy detained by police

BY JAMES BUXTON IN ROME

ITALIAN POLICE yesterday arrested a wine maker in the Emilia-Romagna region of north-east Italy on charges of being involved in the production and sale of adulterated wine.

The arrest appears to confirm fears that the origins of the poisonous wine, which has already killed 15 people, are more widespread than was first thought.

The arrested man, Mr Angelo Barocini, runs a winery at Solarolo near Ravenna which is believed to have produced wine with an illegally high content of methanol.

The wine has been sold to distributors in the regions of the Veneto, Alto Adige, Piedmont and Tuscany.

Previous arrests had been in Piedmont, where the winery belonging to the Ciravegna family at Narzole is believed to be the source of large quantities of adulterated wine sold in Piedmont, Lombardy and Liguria, and elsewhere.

The Ciravegna family is believed to have obtained wine in bulk from an operation run by Mr Antonio Fusco in Manduria

in Apulia, in the south-eastern heel of Italy. Yesterday Mr Fusco, who was already under investigation for causing death and injury by breaking the wine regulations, was arrested.

Police yesterday also arrested five men on charges of trading illicitly in methanol. Though trade in methanol is not controlled, the men—who came from Mantua in the region of Lombardy and from Reggio Emilia and Ravenna in the region of Emilia-Romagna—were said to have sold the chemical to businesses which were either non-existent or had gone bankrupt.

Although all the casualties from drinking the lethal wine are in north Italy, a stock of adulterated wine was seized yesterday a few miles from Rome. It had apparently originated in Piedmont. Wine found to contain excess methanol has also been found in Tuscany, having been supplied from Emilia-Romagna.

As the scare over the poisonous wine mounted, there has been a drastic drop in sales of low and medium quality wines

## Project finance plan unveiled by Delors

By Paul Cheeswright in Brussels

SENIOR EUROPEAN industrialists and the European Commission have joined together to offer new schemes for the financing of major infrastructure projects.

They are proposing the identification and execution of projects of European interest and the use of new financial instruments, attracting concessional tax treatment, to promote the integration of the European market and stimulate growth.

Such projects would include Scan-Link, the FFrs 21bn (£287m) plan to improve road and rail connections between Scandinavia and continental Europe, and the so far uncosted proposals for high speed rail links between France, Belgium, West Germany and the Netherlands, linked to the Channel Tunnel project.

The proposals were presented yesterday by Mr Jacques Delors, president of the European Commission, and Mr Pehr Gyllenhammar, chairman of Volvo and chairman of the Roundtable, a group of 23 top executives from the main European industrial companies.

These companies include Fiat and Olivetti of Italy, Renault and Matra of France, Plessey and Pilkington of the UK, Philips of the Netherlands, and Siemens and Thyssen of West Germany.

The Roundtable and the Commission had talks in Brussels and adopted a consultant's report on promoting and financing large scale infrastructure projects in Europe. The report was prepared by Telesis.

Mr Gyllenhammar noted that major projects tended to lack promoters. Governments, often in deficit, were no longer keen to provide funds.

But the problem, according to the Telesis report, is that the capital markets in Europe, apart from being fragmented nationally because of exchange controls and different tax systems, are underdeveloped when it comes to risk investments in new projects.

In an attempt to come to terms with this, the Roundtable and the Commission suggest that where projects offer an internal rate of return above the cost capital, project finance should be mixed with equity and a new tax treatment on dividends from the investment.

pointed out that an inter-governmental agreement would make Italian participation in SDI easier. Both Britain and West Germany have signed such agreements, the latter only last week.

The question of Italian participation in SDI is controversial in Italian political circles. Within the Government of M Bettino Craxi some ministers, notably Mr Giulio Andreotti, the Foreign Minister, are known to have doubts about the wisdom of Italy giving political support to the Star Wars programme. The large opposition Communist Party is also opposed.

Industry, on the other hand, is keen to compete for Star Wars contracts and fears that it could miss out if a decision is delayed any further.

## Rome holds back from agreement on Star Wars

BY OUR ROME CORRESPONDENT

THE ITALIAN Government is not yet prepared to make an agreement with the US Administration which would allow Italian companies to bid for contracts under the Strategic Defence Initiative (SDI) programme.

This was made clear to MPs in Rome yesterday during a long-awaited parliamentary debate on Italian participation in SDI, commonly known as Star Wars.

Mr Giovanni Spadolini, the Minister of Defence, told MPs that Italian companies could not participate in SDI in the absence of an inter-governmental agreement between Italy and the US. He gave no indication as to when such an agreement might be reached.

Although Mr Spadolini did not say so, it is known that the US Government has always

# US focuses attention on improving security

BY TERRY DODSWORTH AND PAUL TAYLOR IN NEW YORK

THE LATEST TWA airliner bomb tragedy has refocused the attention of both the US Government and the airline industry on the daunting task of improving security on the international routes served by US airlines.

Yesterday, in response to the bombing, President Ronald Reagan ordered Federal Bureau of Investigation (FBI) and Federal Aviation Authority (FAA) investigators to Rome to find out what went wrong with the screening of passengers, their luggage and others with access to flight 840.

Meanwhile the National Pilots Union, which staged a successful protest against terrorism in 1977, said that it was considering organising a worldwide boycott against governments found responsible for terrorist acts.

"We must isolate offending nations from goods or services," said Captain Thomas Ashwood, vice president of the union. "I know of no other approach."

The pilots' protest was echoed

by the TWA flight attendants' union whose 6,000 members are on strike. The union charged that the FAA had permitted TWA to ease some of new security training and requirements imposed after the Beirut hijacking and Rome and Athens airport massacres.

In particular the flight attendants claimed that the FAA had waived newly-imposed special

security training for aircraft crews at TWA, which has been hiring non-union cabin staff. As a result, the union claimed, only one of the four flight attendants on the stricken aircraft was experienced. "We are a high-risk airline and using inexperienced crew members increases that risk," said a union representative.

The cabin staff industry ex-

perts and the US Government, nevertheless, acknowledge the near-impossibility of preventing determined terrorist attacks.

Mr John Mason, a spokesman for the Air Line Pilots' Association said: "You can never make an airport 100 per cent secure against terrorists." But he added, "you can make it 99.99 per cent secure by turning it into an armed camp."

In spite of this stepped up vigilance there are other key areas that security experts and the airline unions think should be addressed.

In particular TWA flight attendants argue that all baggage should be examined from aircraft at least visually inspected instead of relying upon the traditional airport X-ray machines.

Security experts say that they face two main problems in improving the safety of air travel—the difficulty of detecting non-metallic weapons and

and both airports and the airlines have been required to more closely screen the back-grounds of new staff.

The US airlines have toughened up their ground and in-flight security procedures since the latest attacks. Pan Am said yesterday that its measures were "constantly reaching new plateaus." But like other carriers both Pan Am and TWA are reluctant to discuss specific details.

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bombs, and the high volumes of passengers.

At Tel Aviv for example, Check-in routinely takes much longer than elsewhere and has seriously disrupted airline schedules.

Nora Benatary, a writer from Beirut, a Palestinian group apparently linked to the complex and obscure guerrilla figures of Abu Nidal, has claimed responsibility for the bomb planted aboard the TWA aircraft.

An anonymous caller with a Palestinian accent telephoned Beirut newspapers and foreign news agencies to announce that the "Arab Revolutionary Cells" had placed the bomb. The action was in retaliation against American aggression against Libya.

No group has yet claimed credit for the disappearance of two British teachers, Mr Lelah Douglass and Mr Philip Palfield, reported missing in Beirut since last Friday.

## The national pilots' union is considering organising a worldwide boycott against governments found responsible for terrorist attacks.

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The cabin staff industry ex-

Aside from the special training mandated by the FAA—which mainly consists of schooling airline employees in alertness—the US airlines and regulatory authorities have imposed a number of other measures in the wake of the previous terrorist attacks.

Among these curbside baggage checking has been prohibited for international flights

## Krakow steelworks shuns plan

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S largest steel producer, the Lenin Works in Krakow, has refused to join an officially sponsored organisation aimed at integrating the industry effectively into one production unit.

The development occurs after the Steel Ministry's integration proposals have come under fire both inside and outside the Government as running counter to Poland's decentralising economic reform.

There has also been consistent opposition by several democratically elected workers self-management councils in the industry.

Finally, last month, more than 20 mills and other companies in the industry agreed to join an organisation co-ordinating production whose original statute, limiting company independence, has been waived down as a concession to reforming opinion.

The Steel Ministry has approved the new grouping now dominated by the large Katowice steel mill, built in the 1970s, which stands to gain considerable investment funds from the move. This has been defended by Mr Jerzy Urban, the government spokesman, as "in line

with the letter and spirit of the reform."

Managers at the Krakow works, which are in dire need of investment funds, were originally very much in favour of the integration plan but now say it is against their interest.

This apparently reflects the fact that the Katowice works have won the edge over Krakow in the race for funds.

Meanwhile, workers councils at four other mills including the Warsaw Steelworks continued to refuse to join the new grouping.

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## Portuguese vote forces ban on stamped paper

BY PETER WISE IN LISBON

THE PORTUGUESE Parliament has voted to abolish the use of official stamped paper — one of the most pervasive and least popular facets of the country's slow-moving bureaucracy — in a move that exposed the vulnerability of the minority Social Democrat Government to a united opposition.

Opposition parties on the left and right united behind the proposal which calls for the abolition of fiscal paper, known as "papel selado", before the end of 1986. The Govern-

ment opposed the isolated measure because it wanted use of the paper to be phased out as part of a general reform.

The measure will spare businesses and ordinary citizens some of the frustration and expense involved in coming to grips with Portuguese red tape. Foreign investors, for example, have had to present lengthy volumes of paperwork on the official paper which costs Es 40 (40 US cents) a sheet.

## France cancels TV satellite concessions

BY PAUL BETTS IN PARIS

THE NEW French right-wing government has decided to cancel the concessions granted by the previous Socialist administration to operate channels on France's TDF-1 direct broadcasting television satellite as part of its broadcasting reform and deregulation programme.

Three days before last month's legislative elections the Socialist Government gave the go-ahead for two channels on the new satellite to a European consortium including Mr

Robert Maxwell, Mr Jerome Seydoux, Mr Silvio Berlusconi and the West German Kirsch film production group.

The Government intends to set up a national broadcasting commission to replace the less powerful High Authority. This will tender out again the satellite channels to bidders.

Mr Jacques Chirac, the Prime Minister, has been in touch with the Luxembourg authorities to improve relations between the two countries on broadcasting issues. Luxem-

bourg was angered by the previous administration's undisguised efforts to undermine the ambitions of the Compagnie Luxembourgeoise de Telediffusion (CLT) to extend its penetration of French broadcasting.

CLT has been keen to gain a channel on the TDF-1 satellite and had also bid for the Fifth Channel, private nationwide television network concession which the Socialist granted to Mr Jerome Seydoux and Mr Silvio Berlusconi.

The government apparently intent to cancel Mr Seydoux's and Mr Berlusconi's concession but is awaiting the outcome of the imminent ruling on this issue from the Conseil d'Etat, one of the country's major judicial bodies.

The other priority of the right's broadcasting programme and of Mr Francois Lebar, its communications and culture minister, is the privatisation of one of two of the country's three national state television networks.

### FINANCIAL TIMES

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## EUROPEAN NEWS

## Irish budget likely to increase business incentives

BY HUGH CARNEY IN DUBLIN

TUMBLING oil prices have had a speedy impact on Ireland's energy-importing and debt-heavy economy, putting a long-absent spring in the Government's step as Mr John Bruton, the Finance Minister, unveils his Finance Bill today.

The effect is not wholly beneficial, but the outlook facing Mr Bruton is considerably brighter than it was when the budget he is now to give legislative effect to was announced in late January by Mr Albert Dukes. Mr Bruton took over from Mr Dukes in a cabinet reshuffle in February.

It is not about to change the main thrust of the budget, which maintained the Fine Gael-Labour coalition's tough fiscal regime but shifted some of the heavy tax burden from income (PAYE) to consumption taxes on indirect taxes and extra taxes on the financial sector.

However, he is likely to announce additional incentives for industry and take some of the sting out of a new 35 per cent Deposit Interest Retention Tax (known scornfully by its acronym DIRT) by exempting old people and charities.

For a Government used to almost unmitigated economic gloom since it took power in late 1982, and which plunged to record lows in the opinion polls around budget time, the sudden upturn is welcome.

Inflation, wrestled down to five per cent last year, is now set to average 3 per cent this year, assuming an average oil price of \$17 a barrel, and one minister predicted zero inflation by early next year.

Petrol prices, which not long ago were around £25 (£22.65) per gallon, are set to fall this week-end to £22.60 or less.

The cost of borrowing for industry, currently at more than 15 per cent, should tumble soon and with pay rises likely to average about twice the inflation rate, or more, the scene is set for a rise in consumer spending. GNP growth should outstrip earlier forecasts of about 2 per cent this year.

The Government, doubtless eyeing the opinion polls, has warned producers to pass on energy price cuts to consumers and cautioned building societies not to raise mortgage rates to compensate for DIRT. An inquiry into the price of drink — Irish whiskey cost, about £12 a bottle, has already been announced.

Big problems persist, nevertheless. Latest Exchequer returns show that the current budget deficit this year is unlikely to be less than the target of £1.25bn, more than 7 per cent of GNP. Unemployment of 1.8 per cent is still rising.

## Turkey moves to boost banking

By David Barclay in Ankara

THE Turkish central bank has launched a scheme for inter-bank lending, the lack of which has been regarded as one of the main shortcomings of the Turkish banking system.

Under the scheme which began operating on Wednesday the central bank will handle requests from the commercial banks to lend or borrow funds. Each bank has been given a limit for such transactions and will be required to put up counterpart funds, including Treasury bonds, equal to 130 per cent of its allocated limit.

Borrowing will initially be in periods of between one and two weeks but the central bank hopes to introduce borrowing for periods of between one night and 31 days eventually.

The main advantage of the new system is that, as borrowers and lenders will be unaware of each other's identity, inter-bank rivalries which have prevented the growth of a lending market should be eliminated.

The central bank is planning to launch a similar scheme for foreign currency transactions.

## Moscow rejects Reagan's N-test invitation

BY WILLIAM DUFFLOR IN GENEVA

THE SOVIET UNION has no intention of accepting President Ronald Reagan's invitation to send scientists to observe nuclear weapon tests at the US testing ground in Nevada, Mr Alexander Petrovsky, chairman of the Soviet state committee for atomic energy, said here yesterday.

President Reagan had portrayed his invitation as an attempt to create a basis for mutual trust between the two super powers. Its real purpose, Mr Petrovsky told the UN conference on disarmament, was to use the presence of

Soviet observers to show Moscow's approval of continued nuclear testing.

The Soviet Union wanted to stop nuclear tests, not monitor how they were being carried out, and would not appear to give its blessing to "the American militarists."

Mr Petrovsky, who would head the Soviet team to the bilateral negotiations on halting nuclear test that Moscow had proposed to Washington, dismissed President Reagan's suggestion that in Nevada that US would demonstrate to Soviet scientists a new technical

method for measuring and monitoring nuclear explosions.

The Corriex method to which Mr Reagan had referred was nothing new, Soviet scientists knew it as the MIS — method of impulse sensing — and had sometimes used it themselves, Mr Petrovsky said.

His statement to the disarmament conference is the latest retort from Moscow in the propaganda exchanges over nuclear disarmament that have developed after the Reagan-Gorbachev summit here last autumn.

Since Mr Gorbachev's proposal on January 15 for the three-stage elimination of nuclear weapons by the end of the century Soviet rhetoric has concentrated on two themes: the removal of US and Soviet nuclear missiles from Europe and the conclusion of a nuclear test ban treaty.

The US has linked a halt to testing with Soviet readiness to negotiate a nuclear arms reduction deal and has claimed that verification problems remain unsolved. US officials have also maintained that further testing is needed to enable the US to

catch up with the Soviets in nuclear arms technology.

Mr Petrovsky claimed yesterday that the last reservation gave the real motive for the continuation of US tests: the US wanted to retain its first-strike capability.

There had been reports that the US would carry out more nuclear tests in April. The Soviet Union had extended its moratorium on testing beyond the last deadline of March 31 but, if the US did not act likewise, it would be forced to resume testing, Mr Petrovsky said.

## Ex-soldiers defend Waldheim

BY OUR VIENNA CORRESPONDENT

NINE PEOPLE who knew Austrian presidential candidate Dr Kurt Waldheim from 1937 to 1945 spoke in his defence yesterday saying they could not recall the former United Nations general secretary having any Nazi links.

Speaking at a press conference in Vienna, fellow officers and soldiers who served with Dr Waldheim in Greece said they knew nothing of the persecution of Jews in Salonika.

Dr Waldheim who is standing as an independent candidate in the presidential elections on May 4 with support from the conservative Austrian Peoples Party (ÖVP) has denied accu-

sations that he was involved in Nazi atrocities in the Balkans. A former ordnance officer, Mr Helmut Politz said: "There was never anything said about the deportation of Jews."

Another witness, Mr Wolfgang Saltman, who worked in the radio receiving station said: "We knew nothing of the persecution of Jews in Salonika."

Mr Friedrich Weib, head of the news service of the army group in which Dr Waldheim served said: "All reports came across my desk. Nothing came by radio or tele about the deportation of Jews."

During the testimonials a group of protesters silently un-

rolled posters behind the speakers which read: "We want Hitler as a defence witness" and "memory gap for president."

The protesters, who were ignored by the speakers, remained for about an hour. One of them, film maker Ruth Beckermann, said later they were an independent committee concerned about the suppression of the truth about Austria's past.

Dr Kurt Steyrer, the Socialist presidential candidate, speaking in Salzburg, said he was sure the charges against Dr Waldheim would be revealed as misunderstandings.

## Norwegian oil workers threaten to strike

BY FAY GJETER IN OSLO

A COMBINATION of strikes and lock-outs could stop all petroleum exploration and production off Norway from the weekend if last-minute arbitration today is unsuccessful.

Because of the low oil price, the Government may allow a stoppage to run for some time.

In the past, it has usually intervened quickly to order compulsory settlement of offshore disputes, because of the industry's importance as a source of tax revenue.

This time, a temporary break in Norwegian production might be politically fortuitous because

of the imminence of a meeting on April 15 of the Organisation of Petroleum Exporting Countries (Opec) in Geneva.

Sources here say that a Norwegian stoppage would need to last several weeks to have any impact on prices, however.

Norway's oil output is running at about 900,000 barrels a day. The first strike call—affecting producing fields—came from the 600-strong catering workers' union, CAF.

The employers retorted by ordering a lock-out of all other workers on these fields, effective from midnight on Saturday.

## Chirac expected to meet Kohl within fortnight

BY RUPERT CORNWELL IN BONN

MR JACQUES CHIRAC, the French Prime Minister, is expected in Bonn for talks with Chancellor Helmut Kohl within the next fortnight—a move intended to underline the determination of both countries that the recent change of government in Paris should not interfere with the close policy co-ordination between them.

This emerged after an exploratory 90-minute meeting here yesterday between Mr Hans Dietrich Genscher, the West German Foreign Minister, with his new French opposite number, Mr Jean Bernard Raymond, in the latter's first trip abroad since his appointment as Foreign Minister.

The discussion, which did not extend much beyond an exchange of views on current issues, ranging from East-West relations to the EEC, and the forthcoming summit in Tokyo. Afterwards senior German officials spoke of a "far reaching continuity" in Franco-German affairs.

At least as important, however, as the warm words is the question of whether Mr Genscher will establish as close a rapport with the career diplomat Mr Raymond as he did with his predecessor, Mr Roland Dumas, a fluent German speaker and a particularly trusted advisor of President Francois Mitterrand.

Mr Kohl is said to have no worries about his ability to further relations with France—a goal by which he sets so much public store—in spite of the hafflement privately

West German unemployment, unadjusted for seasonal factors, fell to 2.45m in March from 2.59m in February, the Federal Labour Office said. Menter reports from Nuremberg. The total represents 9.8 per cent of the workforce against 10.4 per cent in February. Seasonally adjusted unemployment in March was 2.29m, unchanged from a month earlier. In March 1985 the unadjusted jobless total stood at 2.47m, representing 10 per cent of the workforce.

expressed here over the uncertain division of foreign policy-making in Paris, between a Gaullist prime minister and a socialist president.

The Chancellor never tires of referring to the excellent terms on which he is with Mr Mitterrand, while he should have few ideological differences with the conservative Mr Chirac. Indeed the choice of Mr Francois Giscard d'Estaing as a defender of French farm interests as the new Agriculture Minister in Paris, has already sealed a de facto Franco-German common front to protect farm incomes in the two countries, in defiance of the wishes of the Commission in Brussels.

The gathering row over this year's EEC farm price round is likely to be a key theme during Mr Chirac's visit here, which will take place before Agriculture Ministers of the 12 resume negotiations on April 21.

## Sales of diesel cars in W. Europe rise by 21%

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

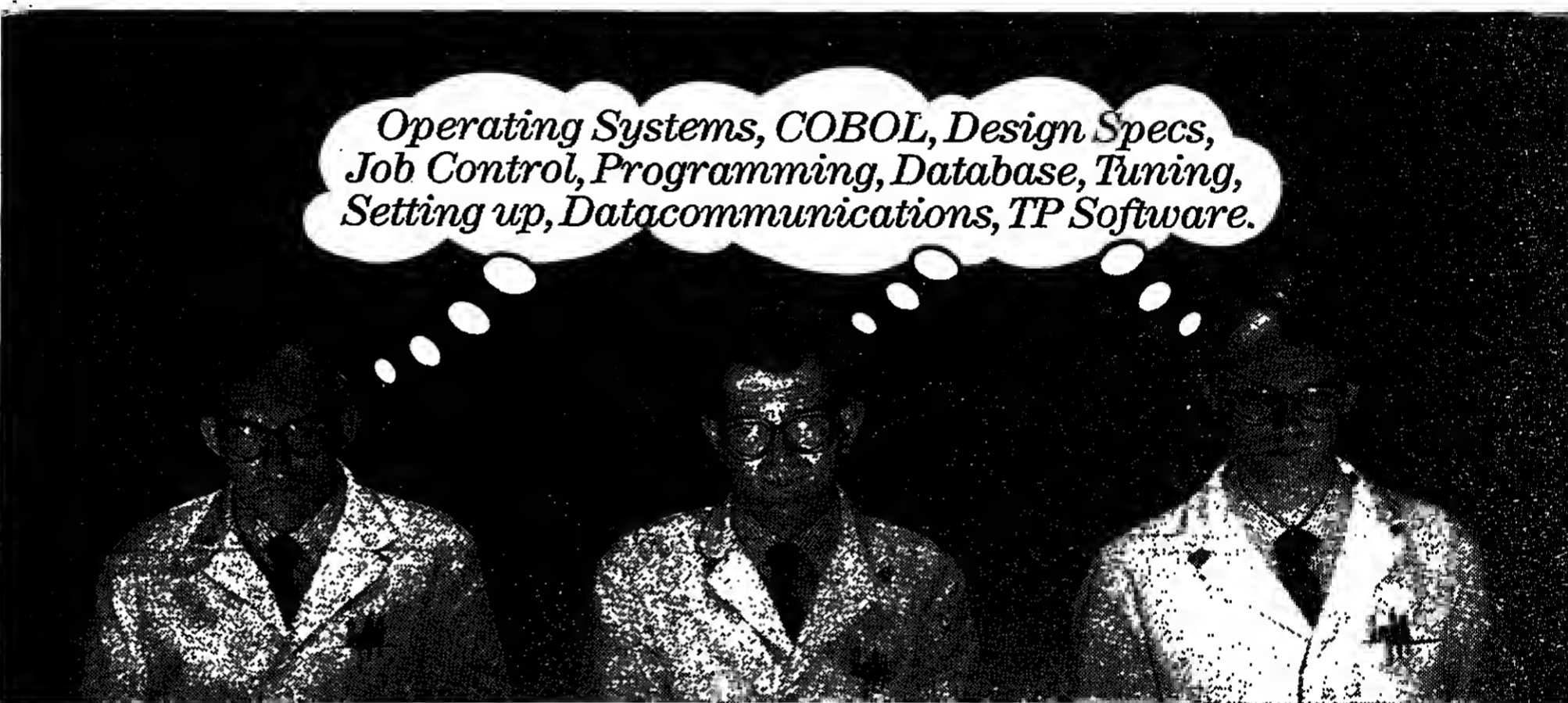
DIESEL car sales in Western Europe last year rose by 21 per cent from the 1984 total to a record 1.67m and their share of the market jumped from 13.7 per cent to 15.19 per cent, according to an analysis by Automotive Industry Data.

There are clear signs that growth in diesel car sales will continue, the Liebherr, Staffordshire-based organisation suggests. Last year's record was set in spite of shortages of the fuel injection equipment used in diesel engines.

Records were set in the vast majority of European markets, only Spain, Belgium, Sweden and Norway hugging the trend.

So far in a decade of almost uninterrupted growth in diesel car sales, the major inroads have been made in the executive car sector—in some countries half the executive cars are delivered with diesel engines—but there is big potential for the oil-burning engines at the other end of the market, in small cars.

WESTERN EUROPE PASSENGER CAR DIESEL SALES ('000's)			
Country	Year 84	Year 85	% change
West Germany	321.8	538.8	64.9
France	425.3	438.6	3.1
Italy	240.4	264.8	10.1
Spain	126.7	124.9	-1.4
Belgium	94.9	95.0	0.1
Netherlands	61.0	71.2	16.7
United Kingdom	45.1	66.2	46.8
Austria	14.1	32.8	130.9
Finland	14.1	14.7	4.0
Denmark	10.3	10.4	0.2
Switzerland	7.1	7.4	4.2
Eire	2.5	2.4	-3.8
Sweden	2.0	1.7	-15.0
Norway	1.3	1.3	0.0
Total diesel	1,381.1	1,674.6	21.3
Total industry volume	10,098.1	10,524.2	4.2
Diesel % of total ind. vol.	13.7	15.9	

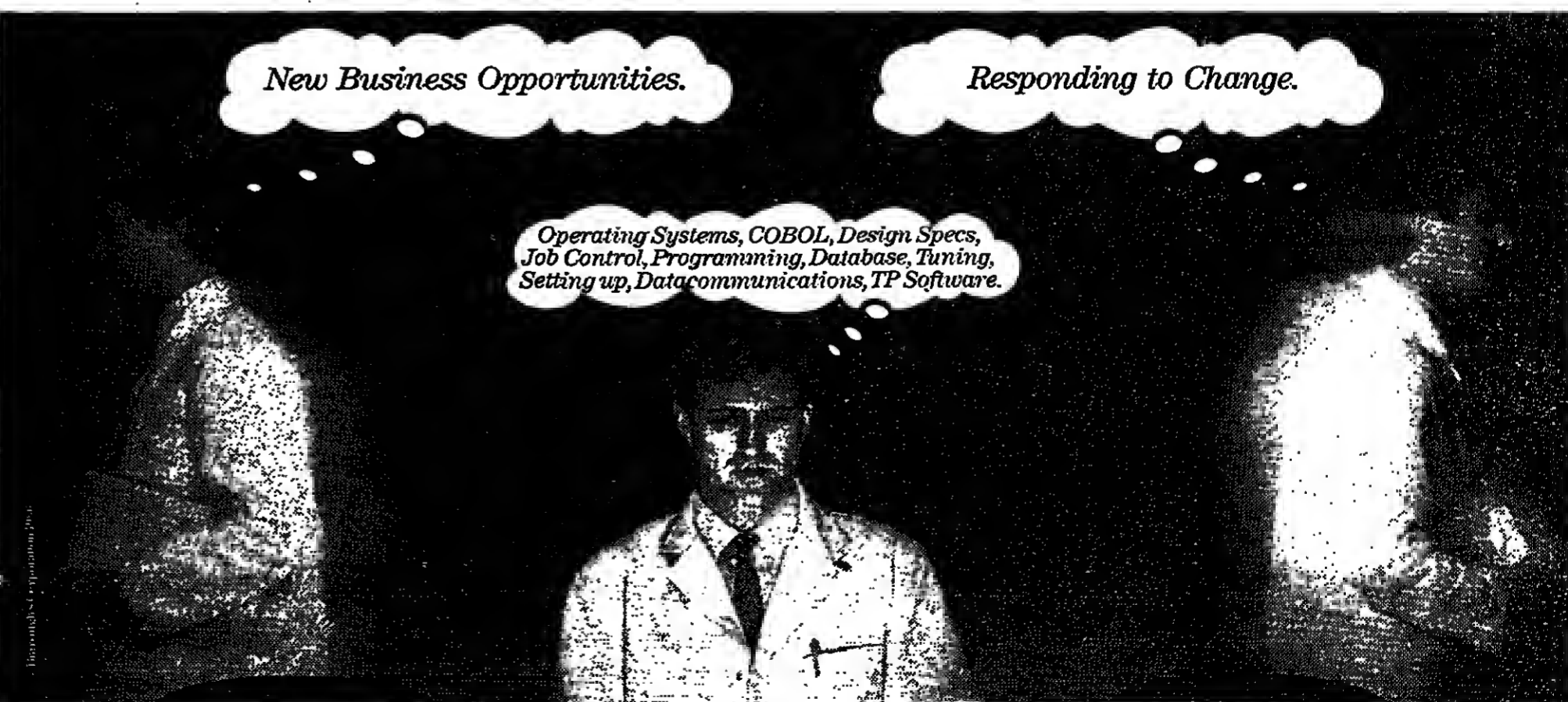


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FACT: One of our clients, Leamington Spa Building Society, wanted to convert to a real time database system in the shortest possible time. As Bob Neill of

the Society says: "We thought a time scale of three years would be needed. With LINC we were ready in four months."

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So if markets change or your company expands or even merges, for example, you can change your system in months, or even weeks, rather than years. Or if foreign competitors start nibbling at your margins, you can act before any real damage is done.

FACT: Eric Holloway, of British Alcan Aluminium, said recently: "We had estimated a conventional system would take six man years to develop and implement, with LINC we were up and running with a working system in four months."

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For more information, call Brian Reynolds on 01-750 1420. Or write to him at Burroughs, Heathrow House, Bath Road, Hounslow, TW5 9QL.

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# We're behind them all.

## Hanson Trust makes £1.9bn takeover bid for Imperial Group

BY CHARLES BACHELOR

HANSON TRUST, the fast-growing industrial holding company headed by Lord Hanson, last night launched a £1.9bn takeover bid for Imperial Group, the brewing, tobacco and food concern.

Imperial's agreed £1.22bn bid for United Biscuits coincided on Monday with a hostile £1.56bn bid from Argyll Group for Distillers.

deal for United. We receive it as being as good for Imperial.

(FINANCIAL TIMES)

## Coats opts for £690m Vantona counter-offer

BY ANTHONY MARETON, TEXTILES CORRESPONDENT

VANTONA VIYELLA yesterday launched a £690m counterbid for Coats.

Mr David Alliance, managing director of Vantona Viyella.

(FINANCIAL TIMES)

## GEC ready to move on Plessey

BY IAN RODGER

THE GENERAL Electric Company could launch its £1.16bn takeover bid for Plessey as early as next week.

lems currently confronting not only telecommunications but indeed the entire electronics industry in the United Kingdom," he said.

"We believe your view of the prospects of achieving significant profitable growth in the year ahead, as expressed in your public statement, is in line with our own."

(FINANCIAL TIMES)

## Monopolies inquiry could scupper £1.3 billion

## Imperial and United agree to merge

By Andrew Cornelius

Imperial Group and United Biscuits yesterday announced details of an agreed merger. The deal, which was signalled by the companies last week, will create a new £1.3 billion company.

(GUARDIAN)

## Guinness plans agreed merger with Distillers

BY DAVID GOODHART AND MARK MEREDITH

A RECORD British takeover bid the Guinness-Distillers was unveiled yesterday when had destroyed Guinness ended several days of merger and announced a of

(FINANCIAL TIMES)

## Argyll extends offer for Distillers

By Charles Batchelor

Argyll Group, the super-market concern which is bidding £1.8bn for Distillers, the Scotch whisky group, yesterday extended its offer for a further three months.

its pension fund, took its holding in Distillers to 14.45m shares, or 3.38 per cent of the equity.

failed to make any real progress with this offer. "This is no doubt due in part to its complete in-

(FINANCIAL TIMES)

## Burton claims victory in battle for Debenhams

BY MARTIN DICKSON

BURTON GROUP, the clothing retailer, last night claimed victory in its fiercely contested takeover bid for Debenhams, Britain's second biggest department store chain.

Debenhams and House of Fraser, Britain's biggest department store group, announced an offer to buy Burton for £1.1bn and instead for a joint venture.

Burton whose bid for Debenhams was £1.1bn.

(FINANCIAL TIMES)

## Now Rank goes for Granada

A £775 MILLION MOVE BY AMBITIOUS BERNSTEIN

by David Ireland

BACK in the City's good books and fresh from watching analysts' ratings with record profits, Rank Organisation has launched an ambitious bid for Granada.

Granada, which is a public company, is a major force in the television industry. Rank's bid for Granada is £775 million, which is a significant increase on the £600 million bid made by the BBC.

(LONDON STANDARD)

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## OVERSEAS NEWS

# S. African blacks welcome Tutu's sanctions call

BY JIM JONES IN JOHANNESBURG

BISHOP Desmond Tutu's call for international economic sanctions against South Africa has been widely criticised by white businessmen and politicians inside the country, but applauded by the black community.

The different reactions underline the country's racial polarisation, with black people pointing out that sanctions are one of the few remaining weapons for peaceful change.

However, some white people expressed sympathetic understanding. Mr John Wilson, president of the Federated Chamber of Industries (FCI), was clear that the FCI could not support "a unilateral telescoping of the timetable for change asked for by the Bishop and to which he himself is committed."

Mr Wilson's views were echoed by Mr Raymond Parsons, head of the Association of Chambers of Commerce, who restated his organisation's view that "sanctions would do damage to the economic growth which, he said, 'remains an essential condition for evolutionary reform'."

Strongest criticism came from the country's white right-wing political parties. Mr Jaap Mars, the leader of the Herstigte Nasionale Party, called for government action against the Bishop, whom he accused of "declaring war in the name of God."

To the left, Mrs Helen Suzman, the Progressive

Federal Party parliamentarian, declared her opposition to sanctions because of the damage they could do to black employment, but she added that if sanctions were imposed the blame should not be placed on Bishop Tutu but on the Government of President P. W. Botha.

In contrast to white opposition to the sanctions call, black organisations welcomed it as one of the few remaining means of bringing about non-violent change in South Africa.

Murphy Morobe, a spokesman for the broadly-based United Democratic Front opposition group, said: "Calling for punitive sanctions has become one of the last options open to people committed to peaceful change."

We hope that Bishop Tutu's call and that of the national education crisis conference in Durban will be seen by the international community as a desperate call from the oppressed people of South Africa to exert more decisive pressure on this racist government."

Britain yesterday rejected the sanctions call by Bishop Tutu. The Foreign Office said the Bishop had advanced "no evidence to show that international, financial and trade boycotts would help to promote peaceful change."

Editorial comment, Page 18

## China to end special currency

CHINA plans to abolish its special currency for foreigners and make the domestic renminbi the sole currency in circulation, vice premier Yao Yilin announced yesterday, AP reports from Peking.

The foreign exchange certificate was introduced in 1980 with the intention of curbing the black market in internationally convertible currencies. The certificates are used by tourists, resident foreigners and overseas investors and issued by denominations equivalent to the domestic renminbi (people's money).

The certificates will bring 1.20 to 1.70 renminbi in the black market. Chinese citizens also try to obtain them in order to buy imported goods normally unavailable to domestic shoppers.

Under the new system, all foreign currencies will have to be changed into renminbi, which has been devalued from 2.00 to 2.20 against the US dollar in the past two years.

"Foreign exchange certificates will be abolished and other foreign currencies banned from normal circulation," Yao said at a news conference. He added: "But it takes a lot of preparation work" and said the date for the change had not been decided.

## Peter Blackburn reports on a sense of optimism in Conakry after decades of decline

# Guinea bites the bullet of economic reform



THE MAIN seafaring hotel of Conakry is full these days of foreign businessmen and aid donors while the capital's run-down streets buzz with renewed animation amid signs of recovery after a quarter of a century of political repression and economic ruin.

Two years after the military seized power, filling the political vacuum left by the unexpected early death of President Sékou Touré, there are hopes that a sweeping programme of economic reforms could lay the foundation for future growth and prosperity.

Guinea, with its vast mineral resources, fertile farmland and enterprising people, used to be regarded as the jewel in the crown of French West Africa. But, after independence in 1958, President Sékou Touré spurned continued close ties with France saying "we prefer freedom in poverty to slavery in riches."

Guinea adopted the Soviet model of economic development, enforced by an increasingly repressive regime which forced into exile over 25 per cent of the country's population of 5.5m. A combination of misguided policies and economic mismanagement resulted in Guinea's decline into the ranks of the world's poorest countries, with a per capita income of less than \$300 a year.

The military, as they pointed out to the International Monetary Fund, inherited an economy burdened by an "unproductive, underpaid and plethoric public sector," a banking system in a state of collapse and a grossly overvalued local currency.

Col Lansana Conte, Guinea's new leader, moved quickly to free political prisoners and codify human rights abuses. He was much slower to devalue the syli and introduce other economic reforms for fear of a social backlash.

This hesitation led to an abortive coup last July by former Prime Minister Col Diara Traoré who accused the Government of "dragging its feet" in tackling the "major economic crisis" confronting the country.

The revolt prompted the cautious and reserved President Conte to bite the bullet and, in the past few months, the Government has introduced a series of IMF and World Bank inspired measures to reduce the size and scope of the public sector and promote private enterprise.

The main reforms are:

● A 93 per cent devaluation of the syli currency completed in January and preceded by the introduction of a dual exchange rate for domestic and external transactions three months previously.

● Immediately afterwards the syli was changed to the Guinean franc (GF) — a move interpreted by some bankers as facilitating Guinea's eventual reintegration into the franc monetary zone.

The new exchange rate of 81 to GF 340 greatly closes the gap with the black market rate of 410. Weekly foreign exchange auctions are planned in which licensed importers can help determine a realistic market rate.

The reforms enable the private sector to obtain foreign exchange through the banking system, and to rejoin the "official" economy. Previously about 90 per cent of economic transactions were made at the black market rate. A more realistic exchange rate will also help to attract badly needed foreign investment.

● The six state-owned banks

have been liquidated and replaced by three Franco-Guinean banks. The central bank has also been restructured with IMF assistance.

● About a dozen industrial public enterprises are to be privatised and another seven dissolved. Government subsidies for public enterprises will be limited to 512m this year while water, electricity and transport tariffs will be raised to realistic levels.

● The 84,000-strong civil service is to be cut by up to 30 per cent this year with further cuts envisaged in 1987. New monthly cost-of-living and transport allowances introduced in January have helped to offset the inflationary effects of devaluation.

● Agricultural producer prices have been substantially raised to encourage increased local output and to make cross border smuggling less lucrative. The price of imported rice has been quadrupled to help local farmers and petrol prices tripled, thus reducing Government subsidies.

A state trading company has been created to compete with private traders and help guarantee adequate supplies of rice, sugar, cooking oil and other basic food items.

However, some price increases have since been reversed due to popular protests and this has raised doubts about the Government's commitment to the reform programme, observers say.

The reforms paved the way for an SDR 33m (£23.4m), 13-month IMF standby loan in February followed afterwards by a \$43m World Bank structural adjustment loan. Bilateral donors, including France, the US and West Germany, has pledged additional aid worth some \$75m.

Talks are envisaged this month on the rescheduling of the country's estimated \$150m external debt service due in 1986 as well as some \$250m of arrears. Guinea's total medium-term debt is estimated at \$1.5bn, mainly owed to official creditors.

Towards the end of this year the World Bank plans to hold a donors meeting to discuss the financing of a three-year recovery programme, giving priority to the rehabilitation of economic infrastructure.

Apart from a partial setback in prices, President Conte's Government, which now has a civilian majority, appears to be keeping to the reform programme. But the full inflationary impact of devaluation has still to be felt as well.

Many senior Government officials, veterans from the Sékou Touré era, are reluctant to implement the reforms which would also terminate their financial privileges. The recent resignation of Mr Jean-Claude Diallo, the Information Minister, was seen as a protest against continued corruption in high places.

## Minister denies agreeing to lift Mandela banning order

BY OUR JOHANNESBURG CORRESPONDENT

Mr Louis Le Grange, South Africa's Minister of Law and Order, yesterday backed away from an apparent agreement on Wednesday to lift the Government's banning order on Mrs Winnie Mandela.

On Wednesday, Mr Ismail Ayob, Mrs Mandela's lawyer, announced that Mr Le Grange's department had agreed not to oppose a court application by Mrs Mandela to have it raised, effectively, that meant Mrs Mandela had been unbanned.

Mrs Mandela has been restricted by banning orders since 1962 and is also a so-called "listed person," which means she cannot be quoted in South Africa. The latest order has prevented her from living in her Soweto home since last year.

Banning orders, which are imposed by ministerial edict, have been used for over 30 years by South Africa's National Party Government to silence domestic critics. They were virtually unchallengeable until two weeks ago, when the Supreme Court declared recent bans imposed on "black" activists invalid because Mr Le Grange had given insufficient reasons for imposing them.

Yesterday Mr Le Grange denied that he had agreed to lift the ban on Mrs Mandela, though he did say he was reviewing the order and that he was discussing the entire matter of banning restrictions with his department's legal advisers. Meantime, Mrs Mandela remains restricted and her lawyers are again preparing to challenge the ban in court.

## Aquino official worked for Marcos family mine

BY SAMUEL SENOREN IN MANILA

A TOP official in the Government of President Corason Aquino managed the Philippines' second highest mining company while it was owned and controlled by the family of former President Ferdinand Marcos.

The official, Mr Jaime Ongpin, who is now Minister of Finance in the Aquino Government, conceded yesterday that the giant mining enterprise, Benguet Corporation, with revenues in excess of \$135m (£91.8m) was owned 60 per cent by the Marcos family.

Another company, Maricopper Mining Corporation with annual revenues of \$30m, was also discovered to be owned 40 per cent by the Marcos family.

Mr Ongpin, who was among Mrs Aquino's closest advisers during the election campaign, was president of Benguet until he joined the Aquino cabinet in February.

Mr Ongpin did not make any public disclosure of the ownership structure of Benguet during the election period, when Mrs Aquino openly accused Mr

Marcos of amassing wealth of scandalous proportions, estimated at between \$30m and \$100m in the Philippines and abroad.

A special commission formed by Mrs Aquino to track down the Marcos fortune has not yet officially identified Benguet as one of the companies owned or controlled by Mr Marcos, although it did list Maricopper Mining.

The Marcos family was able to buy control of Benguet from their American owners in 1974 by borrowing funds from the state-owned Philippine National Bank which is in distress.

The previous owners had to give up control of the company when their equity participation was limited to 40 per cent after the termination of an agreement with the US Government that allowed US citizens to own properties and companies up to 100 per cent.

More than 15,000 strikers yesterday returned to work at the US Subic Bay naval base after a 12-day walkout, Reuter reports from Olongapo.

## Sabah elections called in bid to break deadlock

BY WONG SULONG IN KUALA LUMPUR

ELECTIONS will be held in Sabah on May 5 and 6 in an attempt to break the year-old political deadlock in the troubled East Malaysian state.

Yesterday's announcement by the Malaysian Elections Commission in Kuala Lumpur increased speculation that Dr Mahathir Mohamad, the Prime Minister, might call for national general elections to coincide with the Sabah poll.

Dr Mahathir's five-year rule appears to be coming under increasing challenge, especially from his former deputy, Datuk Musa Hitam, and he would like a fresh mandate to consolidate his policies.

The Supreme Council of Dr Mahathir's United Malays national organisation will meet on Sunday, and an early general election is expected to be the main subject for discussion.

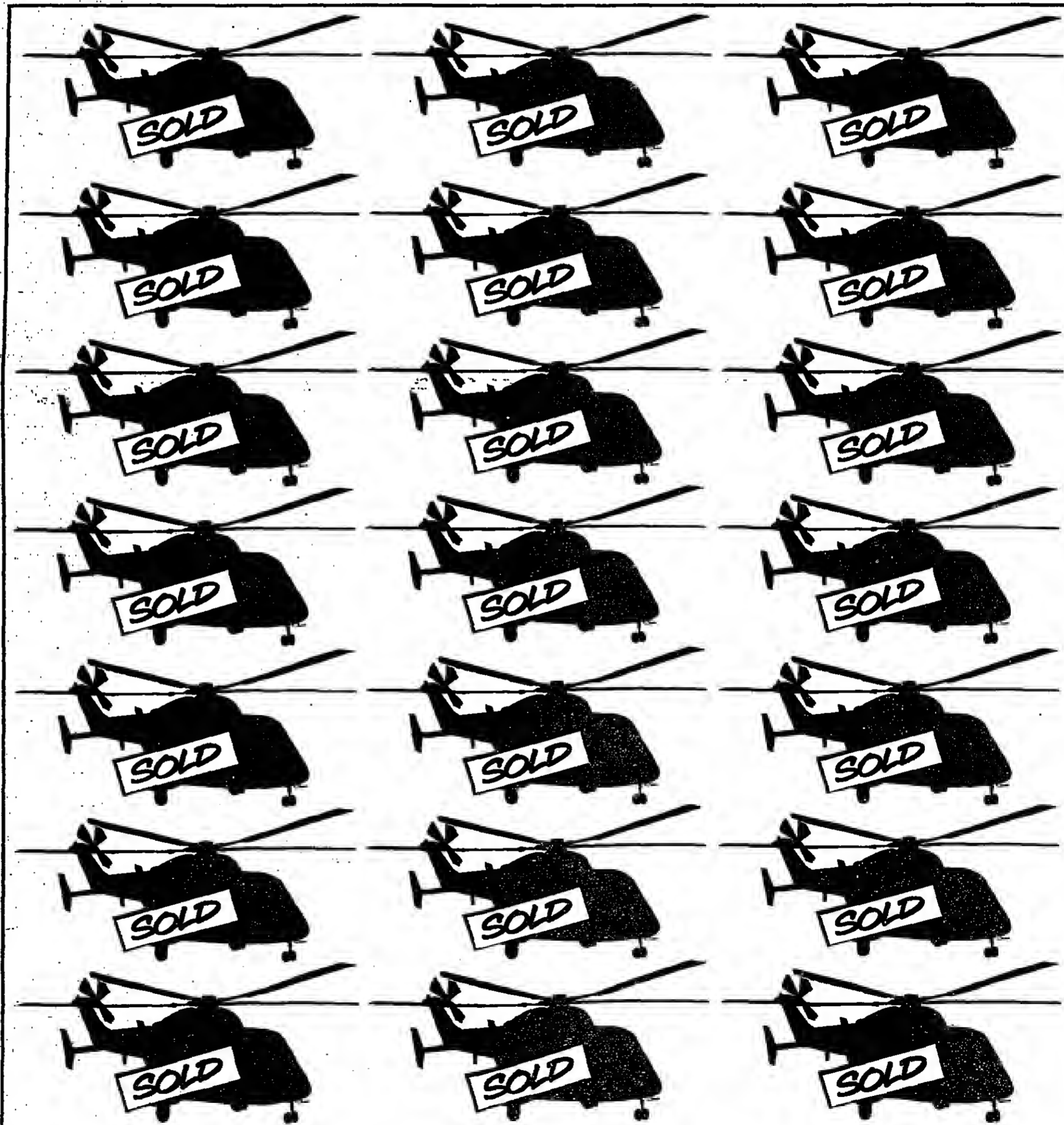
Malaysian elections are not due until April next year.

Tan Sri Kadir Jalloh, the Elections Commission chairman, called on the Sabah's political parties to ensure a peaceful poll and to respect the election results.

More than 423,000 Sabahans are eligible to vote. The last Sabah election, held a year ago, was won by the Christian-led Party Bersatu Sabah (PBS), which secured 28 of the 48 state's legislative seats.

Last February several PBS state assemblymen defected, forcing Datuk Joseph Pairin Kitingan, the Chief Minister, to dissolve the legislature.

Sabah's 1.3m population is delicately balanced. The Christian Kadazans and Chinese have an edge as voters, but numerically the tilt is in the favour of the Muslims.



## Enough Said?

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## AMERICAN NEWS

## \$30bn MIDEAST AID FUND PROPOSED

## Peres pushes for 'Marshall Plan'

BY REGINALD DALE, US EDITOR IN WASHINGTON

WEST EUROPE and Japan should take the lead in financing a major economic development programme for the Middle East, similar to the post-war US-funded Marshall Plan for Western Europe, Mr Shimon Peres, the Israeli Prime Minister, said here yesterday.

Mr Peres made a public call for support for the proposal on American television at the end of a two-day private visit to Washington in which he explained the plan to Mr George Shultz, the US Secretary of State, and other leading Reagan Administration officials.

The State Department said that it would study the plan and discuss it with the United States' Western allies and Arab governments. The US supported the overall objective of "economic development for peace in the region"—but saw "potential political and financial obstacles."

Mr Peres, however, indicated that he was not looking to Washington to provide the bulk of the funds. He is seeking, he said, to raise between \$20bn and \$30bn (\$20.5bn). "America helped Europe in the wake of the Second World War. Now the time has come to the Europeans and Japanese to help the Middle East," he said.

Mr Peres said that of the three most serious Middle East problems—Arab-Israeli tension, the Iran-Iraq war and economic distress—"The economic situa-

tion has become the overriding problem for all of the countries of the Middle East."

Oil-producing Arab countries would lose up to \$100bn this year as a result of the plunge in oil prices, and many of them were too poor to bear the loss, Mr Peres said. The oil producers' loss would mean a \$70bn gain for Japan and Western Europe, he said.

Explaining the potential obstacles, Reagan Administration officials pointed to the financial constraints in the US stemming from the new Gramm-Rudman budget balancing law and fiscal difficulties in other Western countries. Another problem would be to persuade the Arab countries to participate in a joint operation with Israel.

Washington is apparently thinking of a multilateral fund that would help countries like Egypt, Jordan, Lebanon and Syria, as well as Israel, although Syrian participation is regarded as doubtful. It is thought possible that the US will raise the issue with its leading industrial allies at the seven-nation Western economic summit in Tokyo at the beginning of next month.

Mr Peres said that he had told the Europeans and Japanese, "If you want to guarantee the oil supply in future, you should invest not only in refineries and pipelines, but in political infrastructure." Economic development, he argues, will also improve the political climate for progress towards a peace settlement.

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## Nasa role in satellite launches may be cut

THE STAFF of a Reagan Administration interagency group is close to recommending that Nasa, the US space agency, abandon the business of launching commercial and foreign-government satellites, AP-DJ reports from Washington.

The staff is expected soon to complete its recommendations, along with others dealing with space-policy issues in the wake of the Challenger shuttle disaster. The recommendations are to be submitted to the staff's superiors next week. The interagency group on space policy includes senior White House officials and cabinet secretaries, who in turn will make final recommendations.

Staff members may yet change their minds before forwarding recommendations to their superiors. But a preliminary draft recommends that Nasa turn over the launching of such satellites to private companies that would use unmanned, expendable rockets.

The transfer, which would be a major change in US space policy, could come in the next two to three years. Nasa would launch only US Government payloads, primarily military and a few private payloads.

## El Salvador claims heavy rebel losses

THE SALVADORAN military says it killed, wounded or captured 148 guerrillas in March, and 94 of its soldiers were killed or wounded, AP reports from San Salvador.

The guerrillas' clandestine Radio Venceremos claimed to have killed or wounded 573 members of government forces during that time, more than half of them by mines or booby traps. The broadcast gave no figures for rebel losses.

The guerrillas of the Farabundo Martí National Liberation Front are fighting to overthrow the US-backed government of President Jose Napoleon Duarte. The rebels claimed to have burned 1,000 acres (430 hectares) of coffee plants, and they blew up about 150 power poles and transmission lines.

## Argentina and Mexican debts 'largely due to capital flight'

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

ARGENTINA and Mexico would be virtually free of their crippling foreign debt burden if they had not suffered from chronic capital flight over the past 10 years, according to a new study by Morgan Guaranty Trust of the US.

The study, published in the bank's monthly review of World Financial Markets, offers one of the first detailed assessments of the relationship between capital flight and the build-up of foreign debt.

It says that Argentina would have just \$1bn (\$980m) in foreign debt today instead of \$50bn if there had been no capital flight. Mexico's debt would be an entirely manageable \$12bn instead of \$97bn.

The figures take into account the continuing drain on the balance of payments of servicing debt incurred to finance capital flight which in Mexico's case totalled \$58bn in the past

10 years while that of Argentina totalled \$268m.

Morgan Guaranty warns that its figures, which are widely disputed in a number of countries covered by its study, provide only a rough estimate because of the lack of reliable data, but it says that with few exceptions the totals are more likely to underestimate the true extent of capital flight rather than exaggerate it.

The figures are reached by adding together recorded flows of capital through net foreign investment and foreign borrowing and subtracting from this total the current account balance of payments deficit as well as increases in official reserves and recorded foreign assets of the debtor's domestic banking system. The residue is capital flight in the broadest sense of the term.

On this basis Venezuela also suffered heavily from capital flight over the past 10 years

with a total of \$30bn, while Brazil, the largest debtor in Latin America, lost only \$10bn. A further conclusion of the study is that capital flight is not just a problem for Latin America. Capital flight from South Africa totalled \$17bn over the past 10 years and the country would have just \$1bn in foreign debt instead of \$34bn if it had not taken place. South Korea and Malaysia both lost \$12bn, Nigeria and India \$10bn, and the Philippines \$8bn.

Not all this money was stashed away in secret bank accounts by rich individuals. Morgan says it is using an "expensive" definition of the meaning of the term capital flight. It includes perfectly legitimate activities such as the acquisition of foreign-currency working balances by local enterprises engaged in international trade and trade credit extended directly by local exporters to their foreign customers.

## Peru set for crucial IMF talks

BY OUR EUROMARKETS CORRESPONDENT

MR Leonel Figueroa, president of Peru's central bank, is to visit Washington shortly for talks with the International Monetary Fund on arrears that threaten to cause his country to be barred from receiving further IMF assistance.

Bankers say they expect Mr Figueroa to propose a deal to the IMF under which it would pay the arrears, now amounting to some \$120m (\$82m), by instalment. The IMF has warned Peru that it will be declared ineligible for further drawings unless they are made good by April 15.

Ahead of the talks, which are expected to last most of next

week it is uncertain how the IMF will react to the instalment proposal, though some bankers believe it will be reluctant to consider such a scheme unless the initial payment is substantial.

The IMF has had to steer a narrow course in its dealings with Peru between exerting normal discipline on a member country and alienating further the government of President Alan Garcia, which owes international creditors more than \$48m.

Mr reluctance to declare Peru ineligible so far stems from continuing hopes that the resistance of the Garcia Govern-

ment to IMF economic adjustment programmes could be slowly whittled away.

Yesterday, however, the war of words between the two sides erupted again when Mr Luis Alva Castro, Prime Minister, announced in Lima that he had ordered the closure of the IMF mission there. In fact the IMF economist, Mr Waldemar de Moraes, who mans this mission, had been scheduled to leave anyway by prior agreement.

He had been appointed to the position for a two-year period in 1984 at the request of former President Fernando Belaunde, to monitor a previous IMF arrangement.

## Call for more help to East bloc

THE SOVIET Union's hard line on the debts and other economic problems of its Eastern European allies is providing the West with a chance to increase its influence in the region, representative David Obey, chairman of the joint economic committee of Congress, said yesterday, AP reports from Washington.

Mr Obey said the US should

"become more flexible in its policies by improving economic relations with countries that are adopting liberal economic reforms or improving their record on human rights."

His comments accompanied the release of a two-volume report on Eastern European Economic Studies by experts from the Central Intelligence Agency, the Library of Con-

gress and other government and private organisations.

The six Soviet bloc countries and Yugoslavia all face a future of sluggish economic growth and austerity, the report said.

Urging a more flexible US policy, Mr Obey said: "It is ridiculous for us to be normalising trade with the Soviets and not with the East European."

## Wallace comes down from the mountain

By Our U.S. Editor in Washington

A TURBULENT quarter century of Southern politics has come to a symbolic end with the retirement from the fray of Governor George Wallace of Alabama, four times a presidential candidate and once the archetypal embodiment of segregationist values.

The ailing Mr Wallace, 68, announced that he would not seek a fifth term as Governor in an emotional farewell from the podium of the State House of Representatives in Montgomery, where he began his stormy career in 1947. "I have climbed my last political mountain," he said.

Mr Wallace, partially deaf and confined to a wheelchair since he was shot in an assassination attempt in 1972, has suffered virtually constant pain and illness for the past 14 years. "Those bullets gave me a thorn in the flesh of the Apostle Paul," he prayed that it should be removed, but it would not, he said.

Mr Wallace believes that without that thorn he would have won the presidency in 1972 and the country would not be in the mess it is in today.

Most people would dispute that, but it is widely accepted



Wallace: arch segregationist

that he was one of the most formidable maverick campaigners in US political history. In 1958, running as a third-party presidential candidate, on a "law and order" ticket, Mr Wallace won an astonishing 13.5 per cent of the national vote. With his right-wing populism, his appeal extended well beyond Alabama.

History will almost certainly remember him best in his firebrand days of the 1960s, when he defiantly committed himself to "segregation now, segregation tomorrow and segregation forever." He gained notoriety by standing, as governor, in a schoolhouse door to block the admission of two black students to the University of Alabama.

Since then, however, Mr Wallace has mellowed, showing a knack of changing with the times. In 1982, despite his physical handicaps, he was elected to an unprecedented fourth term as governor.

## US, Europe agree space station plans

BY PETER MARSH

THE US has finally reached agreement with Western Europe about the broad plans for an international space station, to be built by the mid-1990s at a cost of about \$12bn (\$8.16bn).

Professor Reimar Luest, director-general of the European Space Agency, has written to officials at the US National Aeronautics and Space Administration (Nasa) assuring them that the proposed European part of the base will be permanent and not form part of a future, independent European heavenly outpost.

Under the plans drawn up by Nasa, the station will be used for scientific experiments and the launch and repair of satellites and will include laboratories which will be built in the US, Japan and Western Europe. Canada, which, like Japan, has already agreed the outline plans for participation with Nasa, is also due to join in.

Until the commitment by Professor Luest, US officials were concerned that the European part of the venture—a staffed workshop called Columbus—would not necessarily form a permanent part of the structure, which President Reagan has said he would like to see in orbit by 1994.

The letter from the ESA direc-

tor general represents something of a climbdown by the European agency, which over the past few months has said that a partly free-flying laboratory would help in the long-term goal of achieving an independent European orbiting outpost. ESA will, however, continue to study such free-flying platforms as part of its plan for space programmes in the next 20 years.

A Nasa official said: "The assurances from the Europeans are extremely important. They mean we can go ahead with the general planning for the space station."

Nasa plans to present details of the station to a Congress hearing next week. For the first time the plans will contain a specific description of the role to be played by the overseas countries.

This hearing by a sub-committee of the House of Representatives' committee on science and astronautics, is the first of a series of briefings which Nasa is due to give to Congress on its space-station plans.

Later in the year Congress will decide whether to allocate in full the \$405m which Nasa has asked for in its 1987 budget request for space station activities. Full-scale development work on the base is scheduled to begin in May next year.

## WORLD TRADE NEWS

## French group claims victory in Indian gas pipeline bidding

BY JOHN ELLIOTT IN NEW DELHI

A FRENCH-JAPANESE consortium led by Spie-Capag of Paris last night claimed victory for the second time in six months in the battle for the \$600m to \$700m (£476m) contract to lay a 1,700 km natural gas pipeline across India.

Bids from four international consortia were opened last night by the gas authority of India in New Delhi's Samrat Hotel, a week after the Indian Government asked the companies to submit revised final offers. Spie last claimed victory last November when the bids were first opened.

According to preliminary calculations, the Spie-Capag consortium, which includes NKK and Toyo of Japan and Larsen and Toubro of India, submitted a bid of about \$600m in yen, French francs, dollars and rupees.

This appeared to be about \$45m below a consortium led by Snamprogetti of Italy, the other front-runner, whose bid in dollars and rupees was thought to equal \$650m. This bid included Dossal of India and up to \$90m work from the UK backed by British aid.

The third main competitor, a Canadian consortium led by Majestic of Alberta submitted a bid of about \$680m. The fourth Condux of Mexico, submitted a bid of \$605m but without sufficient soft loans to be competitive.

The contractors and the gas authority were late last night making their individual calculations of the bids. Snamprogetti claimed its offer

was "competitive," but comparisons are complicated by the various currencies offered and by each bidder submitting alternatives for gas turbine systems based on aero-engine and industrial engines. Nevertheless, Spie appeared to be \$40m to \$50m lower than Snamprogetti in both cases.

Snamprogetti has been well established in India for many years and has fought hard for this contract.

Last summer it was partially responsible for persuading the Indian Government to abandon tenders for piecemeal contracts and invite semi-turnkey tenders which exclude supplying the pipes but include overall execution of the contract, pipe-laying and other items.

When the French-Japanese consortium came lowest last November, Snamprogetti and the Canadian group, backed by the British Government, claimed NKK did not have sufficient experience to qualify for the contract.

When this argument appeared to have been persuading the Government, Snamprogetti argued that sharp increases in the value of the yen and franc against the dollar had made its bid the lowest.

Spie acknowledged that its November offer of \$600m had risen to \$670m because of currency changes while Snamprogetti had dropped from \$700m to \$700m.

After several days of bagging over the currency valuations, the Government gave the companies till yesterday to submit the final bids.

## Soviet credit for Algeria

ALGERIA has signed a financial protocol with the Soviet Union opening up a credit line of \$350m (£280m) over the next four years, according to the official Algerian news agency, AP reports.

The funds are to be used to finance 22 economic development projects, the news agency said. Repayment is to be made over a 13-year period with 50 per cent of it in dollars and the rest in the form of industrial products.

The protocol is the keystone of a broader economic cooperation accord between Algeria

and the Soviet Union signed last week in Moscow during an official visit by Algerian President Chadli Bendjedid.

The development projects include the construction of an automobile spare parts factory, five irrigation dams, a cement works, a brick works and a number of specialised teaching centres.

The Soviet Union is to provide technical assistance in mining and geological exploration and is expected to be awarded contracts for building and repairing oil and gas pipelines, the agency said.

## Community members line up for mixed credit clash

BY PAUL CHEESRIGHT IN BRUSSELS

THE DUTCH village of Ootmarsum tomorrow becomes the playing field for a regular European Community fixture—the wrangle over export credits.

Tomorrow's match—providing it is not overtaken at the last moment by the need for an ERM realignment—is a replay of a March ministerial meeting, which failed to provide a final result in a tussle over mixed credits—an issue which has divided EEC members and pitted the US against the Community.

Mixed credits combine normal export credit financing with an element of aid or funds on very soft terms. The finance ministers have to decide what ought to be the permissible level of aid and how the aid element itself should be calculated.

Ministers are being forced to

tackle these questions largely because of a persistent campaign by the US against mixed credits. The Reagan Administration would ideally like them banned, but failing that, it wants tighter international control.

The sums involved are considerable. The Organisation for Economic Co-operation and Development (OECD) has calculated that in 1982 tied aid credits represented 15 per cent of officially supported export credits worth SDR 35bn (£42.9bn).

The OECD calls mixed credits tied aid credits because the aid element is inevitably tied to the purchase of goods and services in the country providing the funds.

In 1984, tied aid credits accounted worldwide for

SDR 5.8bn of trade, while last year the total is thought to be over SDR 6bn.

The industrialised countries work out the conditions under which export credits in general and mixed credits in particular are given through the OECD Consensus. What the Community Finance Ministers have to do is work out a position for the OECD ministerial meeting on April 17.

Under the Consensus, the aid element in a mixed credit was raised in April last year from 20 per cent to 25 per cent. Thus it should be more than a seductive top-up in a financial package. The US now wants the minimum raised to 50 per cent.

It is an idea which is also attractive to smaller Community exporters. The higher the minimum aid element the more

costly it is to finance especially over time.

The major players in the game like France and Italy.

At first the Community resisted the pressure to raise the minimum. Commission ideas concentrated on making the existing system less secret and more transparent.

But it was told, by the UK among others, that this would never appease the US.

So the idea gained ground that France and Italy might be persuaded to accept raising the aid element to 50 per cent.

This goes to the centre of the present wrangle.

There is a complex formula for assessing the extent of the aid and it includes a discount factor. This is based on the

notion that money is worth less over time.

The discount factor which was set by an OECD Committee, is an arbitrary 10 per cent and is applied to a total package—the export credit at a consensus interest rate and the aid element.

In terms of the total cost of a financial package to the country providing it, the crucial figure is the difference between this 10 per cent and the actual market cost of raising the money for the package.

The proposal under consideration is that in order to offset the disadvantages to countries like France and Italy of raising the minimum aid percentage, the discount factor, would in future be related to movements in market interest rates.

On the basis of current interest rates this would involve a 10 per cent discount. The packages would become more expensive for low interest rate countries like West Germany and the Netherlands, but a gain for France and Italy.

The position then as ministers resume discussions in their Ootmarsum hotel is that West Germany and the Netherlands favour raising the aid element percentage but oppose changes in the discount rate. France and Italy, however, will not accept the former without the latter.

At the end of the day, specialists predict, the finance ministers will change their initial positions into a compromise, and West Germany and the Netherlands will be voted down.

## Lift curbs on free flow of information, says City report

BY CHRISTIAN TYLER, TRADE EDITOR

GOVERNMENT controls over the processing, sale and transmission of information must be harmonised to encourage its free movement worldwide, a City of London committee said yesterday.

In a report sent to the British Government, the committee called for co-ordination between departments of state at home, common policies in the EEC and international trading rules supervised by the General Agreement on Tariffs and Trade (GATT).

Because the subject of international information flows was so complicated—yet so important in modern economies—it might have to be examined separately by the Gatt before becoming part of the international trade negotiation due to be launched this September.

The report is by the Liberalisation of Trade in Services Committee of the British Invisibles Exports Council, which lobbies on behalf of British exporters with government and international agencies.

Most of the information generated, stored and transmitted across frontiers is in the form of information, but a growing proportion—perhaps over 30 per cent—is being bought and sold, the report says.

The argument for seeking Gatt disciplines for this huge and diffuse process is that information is becoming an important part of the production of both goods and services, with blurring the distinction between them.

Yesterday's report tries to define the policy issues raised by

the mass movement of information at high speed, rather than to identify obstacles, to its free transfer.

But it notes restrictions imposed by Gatt on data processing outside the country and insistence on local computer equipment. Canadian controls over offshore banking transactions and transmission of financial data, and protectionist requirements of the West German telecommunications authority.

The report says that financial and other service companies have generally managed to live with national restrictions. However, they are afraid that state regulations, administered by poorly trained public servants, could progressively stifle innovation to serve a potentially vast new market.

Electronic storage and trans-

mission was rapidly replacing microfiche, documents, and magnetic tapes and discs.

Among the present big users were the banks, insurance, credit-counselling agencies, travel agents, estate agents, bond dealers, and the commodity, currency, capital and securities markets.

Business was nervous of the monopoly power of government-controlled PTTS "and the delay to achieving a proper legal framework caused by politics and bureaucracy." Multinational companies and international traders were most vociferous in support of free trade, but national companies, felt threatened by their power.

The governments of developing countries, although by no means foremost in restricting information flows, "fear a dilution

of their indigenous culture and excessive influence from alien dominant cultures," yet did not want to fall behind in the technology.

Among the barriers identified by the report are technical standards for telecommunications equipment, national procurement policies, measures to ensure data privacy and copyright, fiscal policies and exchange controls, language differences and state subsidies.

Introducing the report yesterday, Sir Michael Palleser, chairman of the committee, admitted that international agreement would be difficult.

Answering objections raised by the developing countries, he said: "Without having to be homogenised and Americanised there are substantial benefits to be gained from as free a regime

## Czech plan for imports 'unrealistic'

By Leslie Collett, recently in Prague

WESTERN exporters hoping to cash in on the Czechoslovak high planned growth in imports from the West this year may have to wait a little longer.

Czechoslovakia's target this year of a 13.3 per cent increase in imports from the West is considered unrealistic by Western commercial analysts of Prague's foreign trade.

They note that last year's goal of a 2.1 per cent growth in imports from the West was also too high. The Government said actual growth was 5.1 per cent but the Chamber of Commerce in Prague noted that imports from non-socialist countries rose 1.7 per cent last year. According to analysts the latter figure was more accurate.

Czechoslovakia's trade with OECD and developing countries last year fell to about 20 per cent of its total foreign trade.

Officials in Prague noted that Czechoslovak imports from the West were linked to its hard currency exports. Last year exports to OECD and developing countries rose only 0.6 per cent.

The trade surplus last year, according to a Japanese analyst, was below the \$80m which Prague earned in 1984. This year a small \$88m trade deficit is planned with the West but the analysts doubt this will occur.

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Some believe  
history repeats  
itself.

Others read  
The Economist.

The  
Economist

Your weekly view from London of World Affairs, Finance, Science.

## UK NEWS

Finance  
pledged for  
planned  
newspaper

By Raymond Snaddy

THE INDEPENDENT, the new quality newspaper being planned by former Daily Telegraph journalists, now has more than three quarters of its finance pledged and hopes to complete the £18m package by the middle of this month.

The creation of The Independent, made possible by the change in the newspaper investment climate sparked by Mr Eddie Shah's Today, comes as Today itself appears to be facing increasing difficulties.

Circulation of the colour tabloid daily paper, it is now conceded, dropped towards 500,000 last week although Mr Shah's presses have the capacity to produce 1.25m copies. The latest readership research suggests that the decline from last month's launch has still not reached a plateau.

Today also plans to reduce its regular number of pages from 44 to 40, despite the fact that Mr Shah promised before the launch that 44 pages would be produced every day.

The Independent, a broadsheet aiming at a different readership - the middle to upper end of the newspaper market - posted its prospectus to potential investors yesterday. More than 30 insurance companies, investment trusts and pension funds have already pledged support for the £18m second round financing. The average investment is about £500,000 but four institutions are putting up around £1m each.

Charterhouse Japet, the merchant bank and stockbrokers de Zoete & Bevan, which are arranging the finance, say they are confident the offer will be fully subscribed by the completion date of April 17.

Mr Andreas Whitman Smith, editor of The Independent, said yesterday: "I think it will be completed in two or three days' time. The money is all coming in now."

The Independent, which has already moved into its six floors of offices at Pembroke House in the City of London, plans to sign contracts for its electronic newsroom equipment next week. It plans to start publication in the first week of October.

The company says agreements have already been signed with the four companies which will be printing The Independent under contract in different parts of the country: EMAP in Peterborough, east England; Westminster Press in Bradford, Yorkshire; Downswell Publishing in Sittingbourne, Kent; and Portsmouth and Sunderland Newspapers in Portsmouth, south England.

A promotion budget of £5m over 15 months will emphasise the twin themes of quality and independence. The prospectus envisages a circulation of 373,000 in the year to the end of September 1987 building to 471,000 by 1990.

The readership study of the national newspaper market being carried out by AGB Cable and Viewdata shows that the downward trend of today's readership continued into the fourth week since the launch.

Last week, the average daily readership of Today was only 3.9 per cent of the AGB panel of more than 1,000 people who keep diaries on their reading habits.

BL's European  
car sales up  
53% in quarter

By John Griffiths

AUSTIN ROVER's sales in its main continental European markets increased by 53 per cent in the first quarter of this year, to 25,000, compared with the same period a year ago.

Statistics from BL's volume cars division show doubled sales in West Germany, to 3,116 units, and an 85 per cent increase in Italy, to a record 6,700 units.

Exports to Spain were up 172 per cent, Spanish sales remained small in unit terms at 1,724, but enough for Austin Rover to be considering shipping more cars than provided for under the low-duty import quotas agreed as part of Spain's accession to the EEC.

Under these, Austin Rover can ship 4,800 cars to Spain this year with a 17.5 per cent import duty. Above this level, Austin Rover would have to pay duties of more than 30 per cent.

Mr Peter Johnson, sales director, said yesterday that the Spanish market was running at such a level as to warrant a decision on higher shipments "within the next few days".

In Portugal, Austin Rover's first quarter sales also doubled, to 1,843 units, which represents a 10 per cent share of the total market.

Mr Johnson said there were no special factors influencing the first quarter performance. He attributed the improvement to "getting product, pricing and marketing policies right. We really have got a momentum going in Europe. It is genuinely encouraging. We have not simply bought market share."

Although he would give no forecast on Austin Rover's likely sales on the Continent for the full year, he added: "I will be disappointed if sales are not up significantly, and up further in 1987."

In the UK last month Austin Rover is believed to have regained second position in the sales chart which it lost to Vauxhall/Opel in the opening two months of the year. It is believed to have finished the month with a market share of about 17 per cent, compared with less than 15 per cent for Vauxhall, but still well behind Ford's expected 27 per cent.

Austin Rover gave details of the export figures on the day after its state-owned parent, BL, announced a £6m operating loss for ARG Holdings, which includes both Austin Rover and BL Technology.

Arthur Smith writes: The BL group results give only the broad figures. The breakdown of individual company trading performance and profit or loss after tax or interest, is not revealed until some months later.

Little publicity has been given to the increasing profits contribution made by BL Technology - a company set up in 1978.

Last year the company contributed profits of around £3m against £2.5m in 1984.

Mr David Andrews, the BL executive director at present heading the management buyout bid for Land Rover, was the first chairman of BL Technology. Its role was to offer BL group companies facilities for testing new vehicles and to carry out advanced engineering research.

It not only supported Austin Rover's model development programme testing new vehicles such as the planned new Rover executive saloon, but sought to help with engineering research outside the motor industry.

Austin Rover remains its biggest customer, but clients include Land Rover, Freight Rover and Jaguar. The new XJ 40 Jaguar scheduled to be launched later this year, has been tested by BL Technology.

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Ladbroke to  
run betting  
industry in  
Netherlands

By David Goodhart

LADBROKE, the biggest name in British gambling, has been granted a 20-year exclusive licence to run the horse-race betting industry in the Netherlands.

Ladbroke Racing International said it had to pay nothing to take control of the small industry from the Dutch Ministry of Agriculture and Fisheries and the Ministry of Justice. It is, however, aiming to invest £15m in the first year and a further £8m over the next four years.

Horse race betting in the Netherlands at present makes a small loss on a turnover of about £20m.

Ladbroke already owns about 50 per cent of the industry in Belgium and William Hill, the Sears Holdings betting chain subsidiary, announced last month that it had bought 345 betting shops in Belgium out of a total of 1,600.

The Dutch industry is far smaller, consisting of five off-course betting shops in Amsterdam, The Hague and Rotterdam and the shops at the eight racecourses.

Ladbroke believes that there is considerable room for expansion in the Netherlands - perhaps up to 500 shops.

Mr Ken Overton, chairman and chief executive of Ladbroke's International Racing Division, said: "The new operation will be of great benefit to the welfare of the Dutch horse racing industry with whom we will be working closely on the expansion of betting."

"Our entry into the Netherlands, already preceded by our success in Belgium and Michigan, in the US, is part of an international development strategy."

Ladbroke said that there were few restrictions on betting in the Netherlands with the shops able to stay open all day. The tax there was considered quite low by international standards. Negotiations began six months ago with the Dutch Government and at one time they were understood to have involved at least one other major UK betting group.

Dutch plan  
holiday  
village

By James McDonald

A £13M TOURISM investment has been secured by the English Tourist Board (ETB) for a holiday village in Sherwood Forest, Nottinghamshire, to be built by the Dutch holiday centre specialists, Sporthuis Centrum.

The ETB, to secure the project, has awarded its largest grant to a single programme, £15m. Consulting engineers to the project are Ove Arup & Partners.

If the Sherwood Forest development is successful, Sporthuis Centrum is considering a further five or six locations in England for future holiday villages, creating 1,200 jobs.

Work on the village, due to open in July next year, will begin immediately. It will create 241 full-time jobs and more than 400 will be employed in the construction.

The 45-acre site in Sherwood Forest will be developed on the lines of a formula developed on the European continent by Sporthuis Centrum. The organisation operates eight similar parks in Belgium and the Netherlands and claims an average annual occupancy of 98 per cent.

The completed project in Sherwood Forest will offer a village of 600 bungalows in a landscaped setting with water and leisure facilities. The park has the support of the East Midlands Tourist Board and the Nottinghamshire County Council.

Commenting that "Britain has invented for others to exploit," Sir John said "the spark of invention and innovation must be fanned into flame by marketing - and nothing is more certain than that marketing needs to be worldwide."

The UK had an absolute and inescapable need for international companies, he said. "To be successful in an integrated world economy we have to compete in the growing areas of high-technology goods like chemicals, pharmaceuticals, electronics, telecommunications, motor vehicles and aerospace."

"These industries are enormous, and have to carry research and development costs far beyond the scope of small companies. The costs and risks involved cannot be sustained by a tiny UK home market either," he said.

Similarly, Mr Steel argues that, at a national level, profit-sharing can reduce Britain's susceptibility to wage-push inflation. The aim is to permit profit sharing to develop voluntarily so that "gradually employees will be paid not just a reasonable basic wage but also, increasingly, a share of the profit."

Mr Steel goes further than Mr Lawson by explicitly linking profit sharing to a national incomes strategy.

In place of the present complicated regulations, Mr Steel proposes that only a few basic ground rules need to be laid down for schemes to attract tax incentives.

WIMPLY INTERNATIONAL, which last year gave India its first taste of Western fast food, has ended its venture there after several months spiced with re-creation between the UK company and its local partner.

A 68-seat Wimpy Bar which opened in New Delhi in February 1985 was to have been the first of many outlets for Wimpy products uniquely adapted to suit Indian requirements - burgers made with lamb or vegetable protein instead of the beef which is forbidden to Hindus.

The problem, according to Mr Ian Petrie, managing director, was not inside the bun "which seems to have gone down very well" but in the financial arrangements with the franchise operator. These problems caused indignation at Wimpy's London headquarters last September and a succession of advisers sent out to Delhi returned unsuccessful.

Teachers claim to have lost  
confidence in their minister

By David Brindle

DELEGATES to the annual conference of the second biggest teachers' union took a vote to stay silent yesterday to indicate to Sir Keith Joseph, Education Secretary, that they believed he had lost the confidence of the profession.

In extraordinary scenes at the conference of the National Association of Schoolmasters/Union of Women Teachers, Sir Keith's speech to a union since the year-long teachers' pay dispute was received without any reaction.

In a question and answer session which followed, a delegate who told the minister that the profession no longer had any confidence in him was given a thunderous standing ovation.

Sir Keith said afterwards: "I think that they had imposed a self-denying ordinance on themselves in order to restrain some of their members who might have shouted at me."

The hour-long confrontation at the conference at Scarborough, Yorkshire, vividly demonstrated the depth of the continuing unrest in schools. Earlier in the day, delegates had unanimously backed a resolution condemning the Education Secretary for failure to defend the state system and failure to re-



Sir Keith Joseph met with silent protest

cognise the value of the teaching profession.

The minister had earlier again made it clear that the proposed General Certificate of Secondary Education, the new 16-plus syllabus, would begin in schools in September. Both the NAS/UTW and the National Union of Teachers, the biggest union, want introduction de-

ferred and are boycotting preparation work.

Sir Keith told the conference: "You now ask your members not to take part in the programme of preparation. This does not seem to me to be either fair or reasonable. It will not seem fair or reasonable to the pupils or to their parents. The GCSE will not be postponed."

On funding, he said provision of extra resources would depend on better use being made of existing funds because ministers were "bound to feel concerned about the education which is provided for many of our pupils."

Significantly, though, Sir Keith did not follow his recent practice of making references to £450m a year extra as the most the Government would provide, in return for agreement on a new teacher contract in forthcoming negotiations.

Mr Fred Smithies, the union's general secretary, said the £450m was grossly inadequate. He gave a warning of a breakdown of negotiations and resumed strikes in schools if the Government did not come forward with more funds during the six-month period set down for the talks.

## LV set for £2m promotion

By Tony Jackson

A MARKETING drive worth £2m is to be launched on that humble British institution, the luncheon voucher. In the process, say its new French owners, the luncheon voucher's flagging fortunes will be transformed into 40 per cent sales growth in the next three years.

The monopoly UK supplier, Luncheon Vouchers, has been owned for the past year by Accor, the French hotel group which bought it for an undisclosed sum from a UK consortium of Grand Metropolitan, Trusthouse Forte, Allied Lyons and Associated British Foods.

Mr Olivier de Bosredon, managing director of Luncheon Vouchers, said: "We were keen to acquire the company because we could see it wasn't being exploited to its full potential. Its previous owners saw it as a grumpy business which they weren't interested in developing."

Now, apparently, it will be different. Luncheon Vouchers, which under its old ownership was supported only by "a few Press ads and mailings", is to have a trained sales force combing the country for new clients, a national advertising campaign and a revamped design for the vouchers themselves.

Accor has one advantage. It can set the UK market in an international context as the company is the world's biggest supplier of meal vouchers with operations in 10 countries from Sweden to Mexico.

In one respect the UK market is almost the worst in the world. Only 15p per day of luncheon vouchers can be given tax free, a figure which has not changed from the three shillings allowed by statute in 1948.

As a result, a quarter of UK companies using luncheon vouchers

give out just 15p a day per employee whereas the European average, Accor says, is about £2.

The £2m which Accor aims to spend in the next three years seems an expensive way of adding to present sales of just £51m. But as Mr de Bosredon makes clear, the meal voucher business is a nice little earner.

Accor charges customers around the world an average commission of 3.25 per cent and caters to a further 0.8 per cent. Best of all, it gets paid for its vouchers on the nail, and reimburses on average two months later.

Mr de Bosredon is confident the UK market will go his way. "Companies have to give benefits to staff. You can't build a staff policy just with money rewards. We find that true of blue chip companies around the world."

## Mobile telephone price war widens

By Jason Crisp

THE FIERCE price war for mobile radio telephone equipment has spread to the cost of using the service. Celnet, one of the two UK cellular radio networks, is being forced to reconsider price rises which only came into effect on Tuesday this week.

Yesterday, Celnet's sister company British Telecom Mobile Phone Division and the largest retailer on its network, postponed indefinitely its plan to put up connection and subscription charges this month - even though it means making a loss on that part of its revenue.

Its move follows an announcement by the rival network Racal Vodafone on Tuesday that it was not putting up its connection and subscription charges. Celnet, 60 per cent owned by British Telecom,

is now under strong pressure from many of its retailers to revise its prices to match Vodafone's.

Mr Colin Davis, managing director of Celnet, said: "We are thinking of our tariffs. There are wide implications for any change and we don't want to react too suddenly."

A decision is likely in about a week. However, call charges on both the Celnet and Vodafone networks are still going up and new differential tariffs are being introduced in London, where the telephones are mostly used.

Racal's price structure which comes into effect on June 1 introduces the first significant difference in tariffs between the two networks since they were launched in January last year. At present, the recommended fixed charges for the

first year's subscription to Celnet are £288, 34 per cent higher than Vodafone's £350.

Yesterday's move by BT Mobile Phone Division to hold prices flat follows a similar decision last week by Vodafone, another leading retailer of Celnet.

Mr Colin Tipping, head of retail at BT's Mobile Phone Division, said: "As market leader we have had to respond to Racal's move. But it is going to make it very hard for the small companies. None of us is making a decent margin at present."

Although demand for cellular radio telephones has exceeded expectations, there is so much competition between the retailers that equipment prices have fallen sharply.

## Consultancy fees rise

By Nick Garnett

TOTAL FEES earned in the UK by member companies of the Management Consultants' Association (MCA), which accounts for about 60 per cent of qualified consultants, rose by a record 45 per cent last year.

Business probably increased by about 25 per cent, after allowing for average fee increases of 10 per cent and the use of more expensive specialist consultancy staff. The number of consultants recruited last year for UK and overseas work by MCA members increased by 18 per cent.

The spate of acquisitions and mergers, privatisation issues and the impending Big Bang in the City of London are given in the association's annual report, published yesterday, as some of the reasons for the high growth.

Within the UK, where fee income for association members jumped by £44m to £142m, the biggest growth areas were in information technology finance and administration, and personnel management and training. The value of public sector work was about a third that of the private sector.

## Pension value doubted

By Eric Short

PERSONAL pensions are unlikely to provide benefits as good as those under the state earnings-related pension scheme (SERPS) except for younger employees, even with a 2 per cent extra contribution incentive.

This conclusion is made by Schroder Financial Management, the personal financial arm of merchant bankers Schroders, in its analysis of the Government's pension proposals contained in the 1986 Social Security Bill.

One central theme of these pro-

Onshore  
drilling  
rebuff for  
Amoco

AMOCO, the US oil company has been refused permission to drill for oil and gas in a beauty spot near Hastings on the Channel coast, Dominic Lawson writes.

It is the first time that the East Sussex County Council has refused a company permission to drill in a region which is viewed by the international oil industry as having great potential for oil and gas discoveries.

Amoco said yesterday that it was disappointed at the decision and it reserved its right to appeal to get the decision overturned.

Conoco, another US oil company with extensive interests in UK onshore oil and gas exploration, last year used an appeal to the Government to overturn a similar objection to a well planned in Surrey, south west of London.

East Sussex county council said yesterday that the proposed drilling site, at Fairlight, was within the High Weald area of Outstanding Natural Beauty, close to Hastings Country Park and a residential area.

In the first UK onshore oil and gas licensing round last month, Amoco was awarded more tracts to explore than any other company. The company has suspended all its North Sea drilling as it reassesses its budget in the light of the oil price collapse.

Oil companies increasingly take the view, that with an oil price below \$15 a barrel, onshore exploration is the most attractive option. This seems likely to lead to more conflicts with planners wishing to protect the environment.

POLICE in Northern Ireland have set up a committee to study the position of officers under the threat of violence and intimidation from Protestant extremists.

The move is designed to help to allay fears of policemen who have come under physical and verbal attack, especially since the banning of a Loyalist parade on Easter Monday. Sir Eldon Griffiths, parliamentary adviser to the Police Federation, said officers in Ulster were being asked to police the Anglo-Irish agreement against the will of a large majority of the community.

MANY of the controls on noise at UK airports are outdated, ineffective and need to be substantially improved, the Consumers' Association says.

Noise limits at the London airports of Heathrow, Gatwick and Stansted were set 25 years ago. The association says they were meant for an earlier and noisier generation of aircraft and do not encourage airlines to adopt quieter flight techniques.

HILL SAMUEL, the merchant bank, has established a market-making company in equities which will begin operations on April 28. It is an interim measure ahead of the deregulation of the British securities market in October when stockbrokers will be able to act as both stockbrokers and market makers. Until then, companies trading on the Stock Exchange must keep the functions of both broking and market making separate.

WORKERS in the electricity supply industry are to vote on individual action after employers refused to improve on a pay offer worth between 5 and 5.5 per cent.

'Endangered' industry needs a  
survival plan, says ICI chief

By Tony Jackson

MANUFACTURING in Britain has become an endangered species, says Sir John Harvey-Jones, chairman of ICI.

"Our manufacturing sector is a smaller part of our economy than our main competitors and it has been shrinking not growing," Sir John said in the 1986 Dimbleby Lecture on BBC television last night. "We are the only developed country in the world to have declined in this way."

Sir John attacked the "persistent rumour" that manufacturing no longer needed, and that services would solve Britain's problems. "The UK has been losing its share of the world market in services at double the rate it has in manufacturing," he said.

Tourism was not the answer either. "If we imagine we can get by with a bunch of people in smocks showing tourists around mediaeval castles we are quite frankly out of our minds," he said.

Sir John criticised the gap between political parties and between management and workers. "The historic relationships between the Confederation of British Industry and the Tory party and between the Labour party and the trade unions have been a means of preserving totally outdated adversarial attitudes," he said. "This terrible symmetry of political and industrial 'sides' has a lot to answer for."

Sir John put forward a four-part strategy for ensuring the survival of manufacturing: exploiting Britain's talent for science, emphasising the international aspects of business, getting a bigger share of bright young people into industry, and learning to manage industrial change.

Sir John said that Britain was in danger of failing to recognise that its science was a major strength. "I fear deeply for the future of science teaching in primary and secondary

schools and thus our ability to excite and stimulate the young to pursue scientific interests," he said.

Commenting that "Britain has invented for others to exploit," Sir John said "the spark of invention and innovation must be fanned into flame by marketing - and nothing is more certain than that marketing needs to be worldwide."

The UK had an absolute and inescapable need for international companies, he said. "To be successful in an integrated world economy we have to compete in the growing areas of high-technology goods like chemicals, pharmaceuticals, electronics, telecommunications, motor vehicles and aerospace."

"These industries are enormous, and have to carry research and development costs far beyond the scope of small companies. The costs and risks involved cannot be sustained by a tiny UK home market either," he said.

Similarly, Mr Steel argues that, at a national level, profit-sharing can reduce Britain's susceptibility to wage-push inflation. The aim is to permit profit sharing to develop voluntarily so that "gradually employees will be paid not just a reasonable basic wage but also, increasingly, a share of the profit."

Mr Steel goes further than Mr Lawson by explicitly linking profit sharing to a national incomes strategy.

In place of the present complicated regulations, Mr Steel proposes that only a few basic ground rules need to be laid down for schemes to attract tax incentives.

## Finance snags



THE GLENLIVET — MUCH SOUGHT AFTER

# In 1747, whisky was distilled with much conviction.

For the Highlander, distilling whisky was as natural as breathing air. Generation after generation inherited a passion for turning the water of the glens into the 'water of life'.

Whisky wasn't just his traditional national drink. It was his bread and butter. Distilling was virtually the only way he could turn his victuals into cash to pay rents, reward his workers and to feed and shelter his family.

But by the middle of the 18th century, the government made this well nigh impossible.

Thirsting for revenue, it imposed prohibitive taxes on whisky making.

While some Highlanders were brought to their knees and paid up, many others took their stills and skills, and fled to the remote mountain areas to produce their beloved whisky illicitly.

## The Highlanders see red.

Almost immediately, excisemen, or gaugers, were despatched North, to stamp out the practice and apprehend the offenders.

This angered the Highlanders. To them it was the government and its red-coated lackeys who were the criminals, taking the very bread from their mouths.

Robert Burns (who, ironically, became an exciseman later) expressed the nation's sentiments in venomous verse: "Thae curst horse-leeches o' th' Excise, Wha make the whisky stells their prize! Haud up thy han', Deil! once, twice, thrice! There, seize the blinkers! An' bae them up in bronsane pies for poor damn'd drinkers!"

Such was the Highlanders' contempt for the law that it was not even considered a disgrace to go to prison for illicit distilling.

Indeed, in Dingwall Gaol convicted distillers were treated with privilege, being allowed out on Sundays and special occasions.

One prisoner even approached the governor, with the remarkable proposition that they set up a still together in the gaol.

Such widespread defiance made curbing the outlaw whisky makers a hopeless task.

As one illicit still was closed down, another began. And in 1747, one particular still began, which was to become the most famous distillery of them all. THE GLENLIVET Distillery.

## The Name Dropper.

The founder of THE GLENLIVET

Distillery was a John Gow, alias Smith.

He was a veteran of Culloden, having fought and lost on the side of the ill-fated Bonnie Prince Charlie, and was forced to flee his old haunts near Braemar for fear of his life.

He took his family North, hid in a remote valley and dropped his gaelic name Gow in favour of Smith, to baffle the English soldiers.

(Which explains why such a Sassenach name appears on our label.)

There he settled down for a quiet, anonymous life of farming and, of course, illicit distilling.

## The Well of Fortune.

As luck would have it, John Smith had made his new home in the precise spot where the water and the peat were the best in Scotland for making malt whisky.

He had discovered Josie's Well.

It is the pure Highland water that springs from Josie's Well that makes THE GLENLIVET so special.

We can't explain it. It just does. And there is no other well that performs the same magic. THE GLENLIVET made with any other water would not be THE GLENLIVET.

By the time John Smith's grandson George, inherited the still in 1817, the fame of the illicit GLENLIVET had spread far and wide.

"It is worth all the wines of France" opined the Doctor in Sir Walter Scott's St. Ronan's Well, "and more cordial besides."

Praise indeed for THE GLENLIVET's "running chemists," as Scott called George Smith and his workers.

Christopher North, who in 1827, wrote a famous series of sketches in Blackwood's Magazine, quoted James Hogg, the Ettrick Shepherd:

"Gie me the real Glenlivet, and I weel believe I could mak' drinking toddy oot a' sea-water. The human mind never tires a' Glenlivet, any mair than a' caller air. If a body could just find oot the exac' proportion and quantity that aught to be drunk every day and keep to that, I verily trow that he might leave far ever, without dying at a', and that doctors and kirkyards would go oot a' fashion."

## Going straight.

Such a celebrated whisky couldn't remain illegal for long.

(Although outlawed, THE GLENLIVET was the toast of gentlemen,



lords and even kings. George IV of England was said to drink "nothing else.")

It was the Duke of Richmond and Gordon (George Smith's landlord) who eventually put THE GLENLIVET on the straight and narrow.

He persuaded Parliament to pass the Act of 1823 which made legal distilling worthwhile.

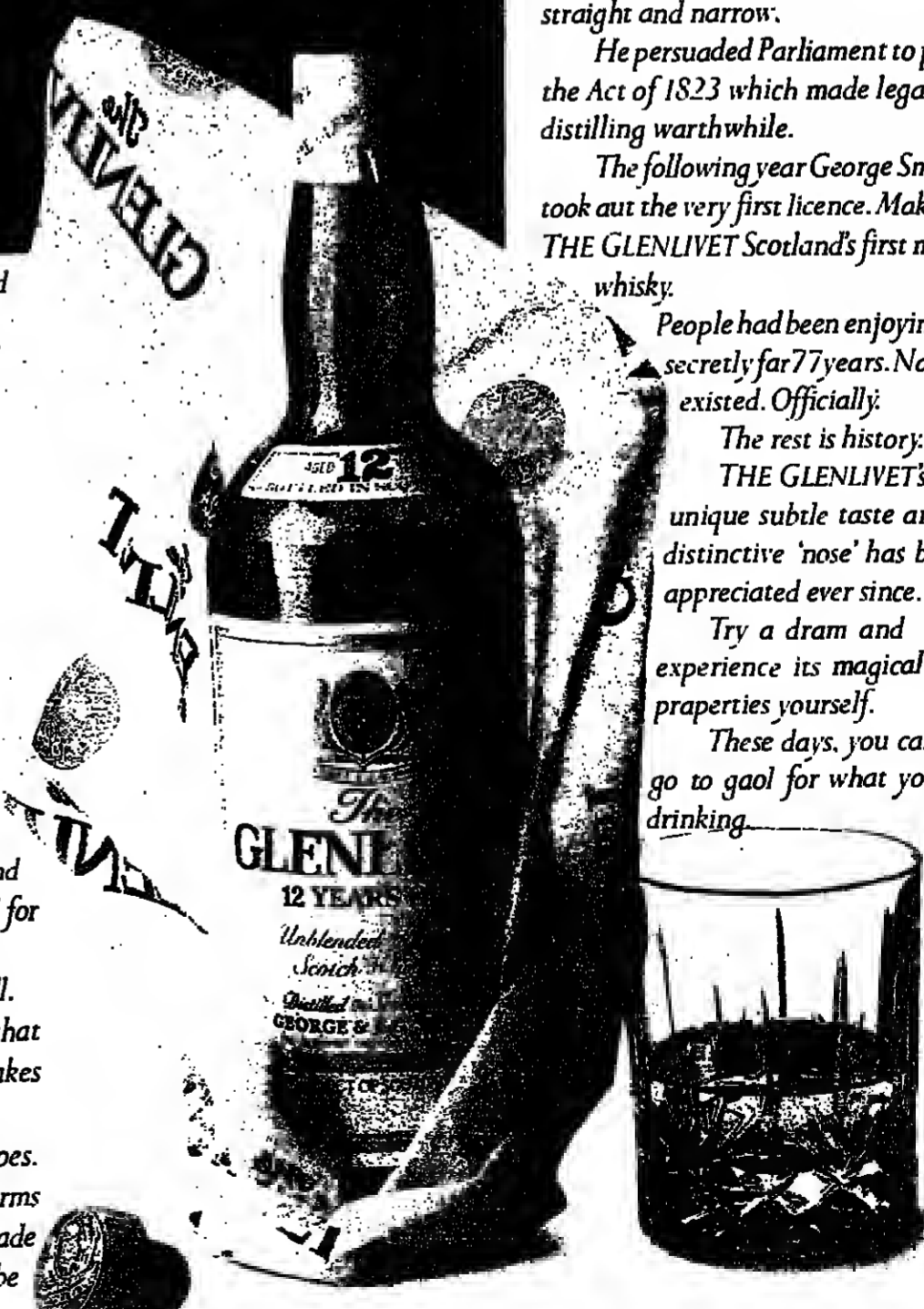
The following year George Smith took out the very first licence. Making THE GLENLIVET Scotland's first malt whisky.

People had been enjoying it secretly for 77 years. Now it existed. Officially.

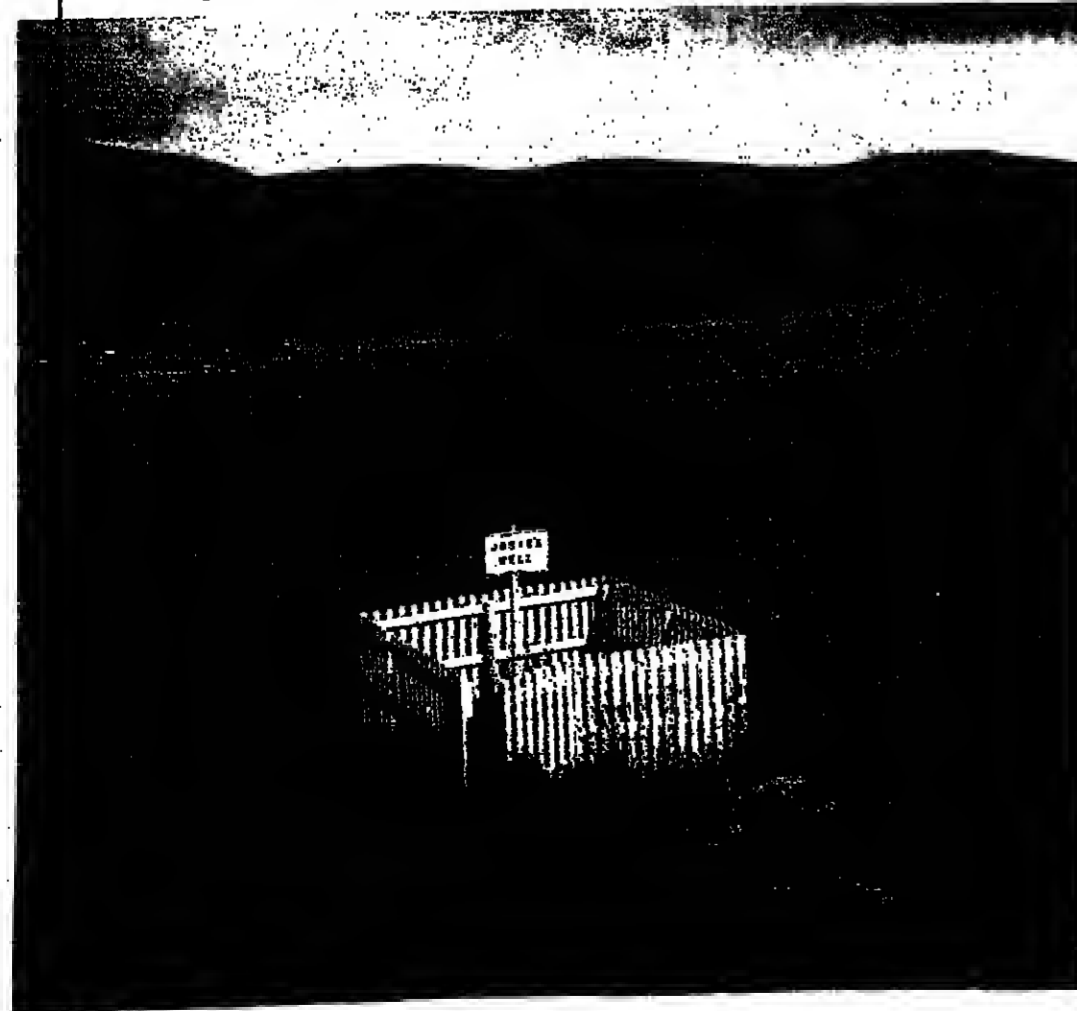
The rest is history. THE GLENLIVET's unique subtle taste and distinctive 'nose' has been appreciated ever since.

Try a dram and experience its magical properties yourself.

These days, you can't go to gaol for what you're drinking.



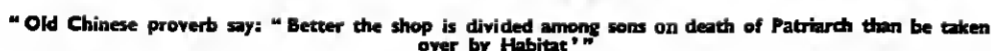
Scotland's first malt whisky.



**EDITED BY CHRISTOPHER LORENZ**

## Private businesses

## Kieran Cooke on the problems of a powerful Indonesian minority



By contrast, in Japanese society, the eldest son usually inherits all property, thus preserving the overall integrity of the household or business. The Chinese tend to be far more independently-minded than the Japanese—an outlook summed up in the Chinese saying "One would rather be the head of a chicken than the tail of a lion."

## Japanese executives

## Nobuko Hara reports on changes in working practices at the top

## Promotion

"I couldn't let him do what he wanted to do," says Mitsubishi's former superior Masahiko Nakagawa, whose colleague echoes the same view: "There were too many people telling him how to do his job."

Oil traders work almost entirely on their own, building contacts themselves. Often, an individual trader's reputation carries more weight in negotiations with other dealers than clients from the organisation he represents, one trader explains. So these men could take

"It is absolutely fatal to have a fight with people leaving a company," emphasises Wakiwaka. Indeed, all four left their companies amicably. A friendly takeover, you might say. But says Wakiwaka, "In fact, referring to Wakiwaka's transfer. But apart from Wakiwaka, who is seen out of anybody's reach in London, the others are reluctant to talk about their job-switch. "I've been asked by the personnel department (of C. Itoh) not to meet the press," says Nasu, who is now with Elf.

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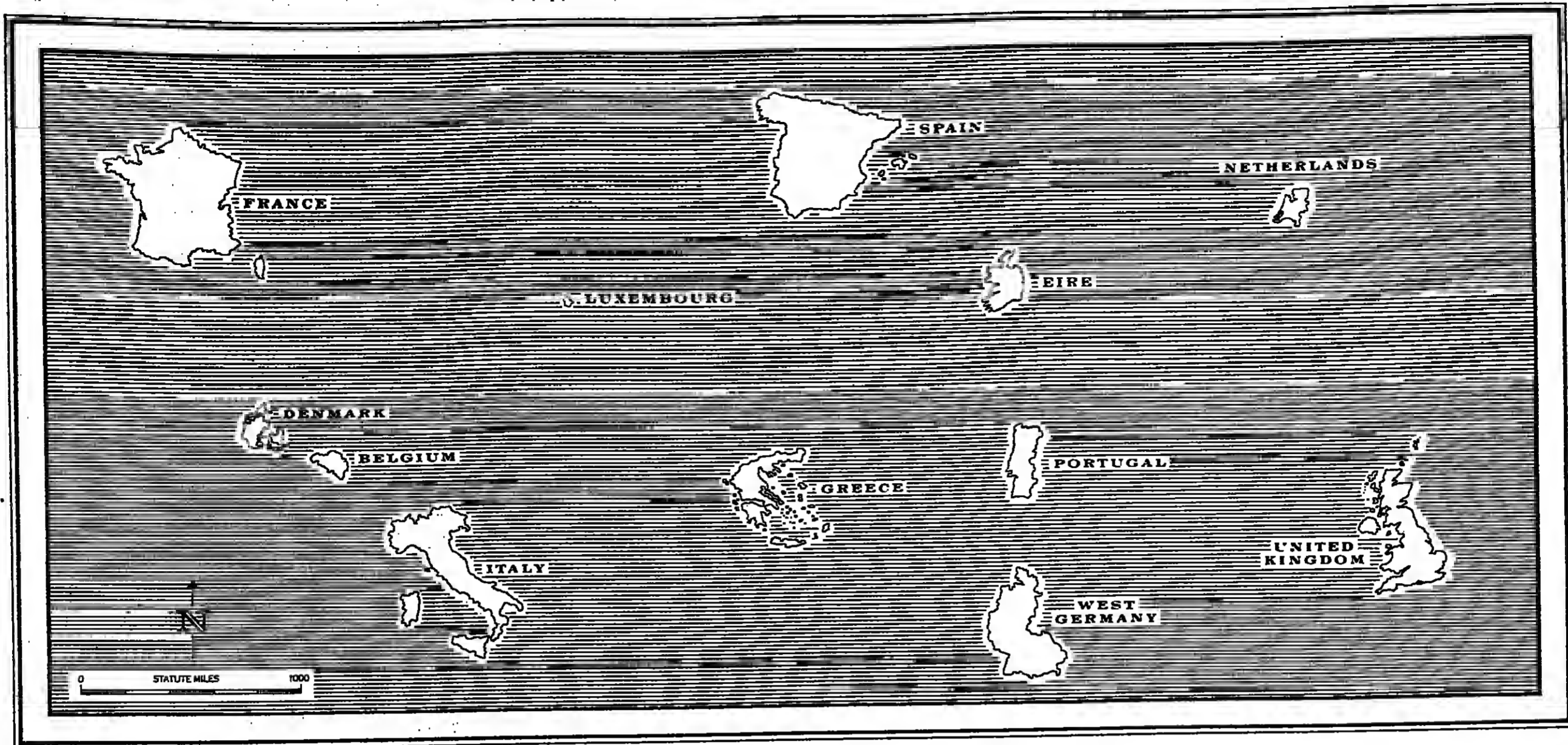
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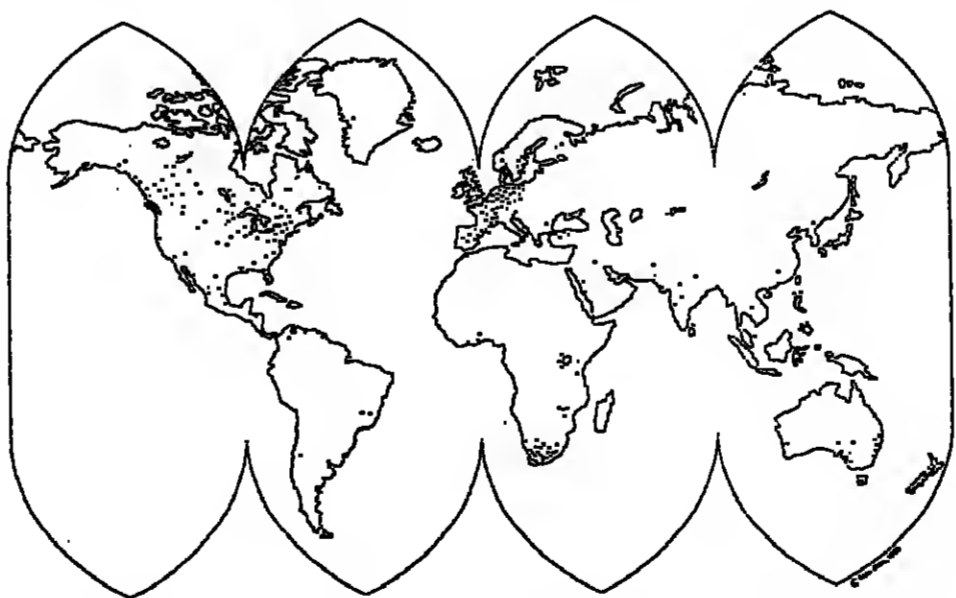
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## TECHNOLOGY

IS A new age of telecommunications about to be born? A lot of people think so. They are the enthusiasts behind a sweeping technological change moving into the world's telephone system. It promises speedy, top-quality transmission not only of conventional telephone calls but of all manner of non-voice communication: computer data, telex, images, even video all on a single telephone line. It promises lower operating costs for telecommunications carriers, valuable services for users, and new markets for equipment makers.

If this all sounds very rosy, it also seems to a number of on-lookers, potentially, like one of the biggest fiascos yet in the teaming up of computer and communications technologies. There is every chance that the concerned parties—including carriers, users, and suppliers—will fail to agree among themselves on the development of compatible systems. The International Telecommunications Standards-Setting Body, the International Telegraph and Telephone Consultative Council, or CCITT, is trying to prevent this worrying scenario. Critics see a white elephant in the making, but CCITT is ploughing ahead to set standards for a worldwide network.

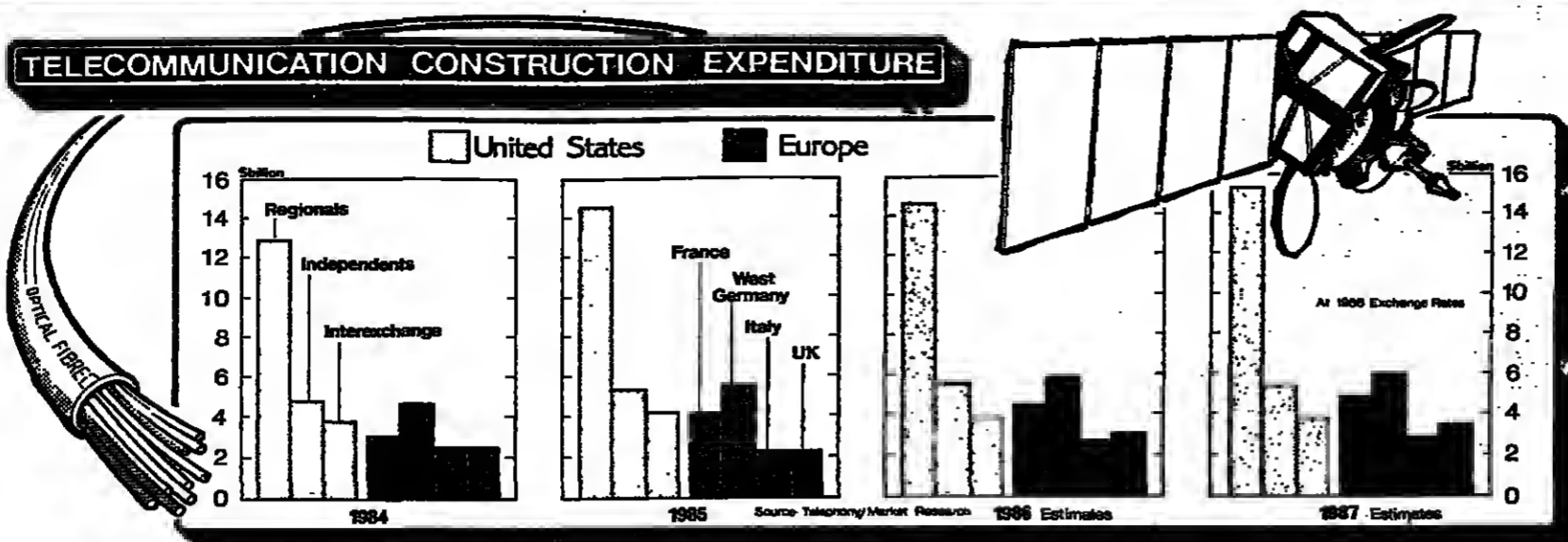
Because the network would be digital, integrated (carrying both voice and data on a single line) and offer services made possible by its intelligence, the concept carries the somewhat cumbersome name of the integrated services digital network, or ISDN.

Its task is not easy. The stakes are high and nobody wants to sacrifice his piece of the action.

At the heart of the change are the 1s and 0s that are the digital language of the computer. Communications, whether voice or data, will travel in digital form instead of the conventional analog form upon which the world's telephone systems have been built.

The implications are enormous. The 1s and 0s can be manipulated in all sorts of ways not possible on analog systems. Digital information can be carried faster and with less degradation. But that is only the beginning.

The union of computers and communications means that intelligence can be built into the network, making possible services far beyond normal telephoning. Switching equipment, or exchanges, can be programmed to manipulate information in all sorts of ways. Data can be packaged into bundles for more efficient



## Enter the intelligent telephone line

transmission. Or services, such as encryption, electronic mail, or automatic format conversion so that computers of different makes can "talk" to each other, can be provided automatically. Other programs could ease data base access by, for instance, automatically cross-referencing requests with lists of sources. Applications, providing capacity (called bandwidth) is adequate, are limited only by the imagination.

This very wealth of possibilities is also the source of complications that could stall the arrival of the new order enthusiasts envisage. Whoever controls the intelligence controls the

valued-added services which are set to account for a growing share of network revenues in the future. So the issue of where intelligence is located within the network is critical. It can be at various points, such as in central public exchanges, in private-branch exchanges (PBXs) on a company's own premises, or in various terminal equipment on hand to the user.

This struggle for domination is worsening as more of the world telephone network goes digital. The shift is driven by economics: digital transmission lines and switching equipment need fewer people to operate and maintain them and cost less to run. Telephone operating companies are fast installing such equipment. For many, going digital is a matter of policy whenever new equipment is added or old equipment is replaced. The so-called local loop, lines to individual premises, will come last. It

could take decades, but experts believe total conversion to digital is largely a matter of time. Without standards, however, equipment in one location may not be compatible with that going in elsewhere.

To cope with these changes the CCITT is developing standards to govern what it sees as the evolution of a worldwide digital telephone network. It forges one grand global highway available to anyone and oblivious to such barriers as national boundaries or incompatible equipment, thus avoiding the very problem

communications analyst with A. D. Little in Weisbaden. "There are big ones, small ones, blue ones and yellow ones."

Even among telephone network operators there are widely different motivations for creating ISDNs. In Europe, some powerful government telecommunications authorities (called PTTs) see ISDN as a way to extend their monopolies, controlling what services will be offered to whom and at what price.

West Germany's Deutsche Bundespost (Post Office) has aggressive plans for introducing

ISDN, they are putting their own countries at a disadvantage. Critics are also worried that the PTTs will be in a position to use tariffs as a way of forcing ISDN capability on customers who do not necessarily want it.

By contrast, ISDN is developing in a more market-driven way in the deregulated environments of the US and the UK. "The privatisation of British Telecom and competition from Mercury have spurred the feeling that you have to offer the customer more, that you have to think about what they want instead

intend to deploy," says systems manager Mr. Wayne Kirsch. One application shows how an identity card reader would allow a user to access his own phone or terminal using someone else's equipment. Mr. Kirsch does not see any commercial applications before late next year.

Illinois Bell is somewhat further along with its ISDN programme. This year it will initiate a six-month ISDN trial with McDonald's Corp, the American hamburger restaurant company. In its headquarters, McDonald's has a mix of computer equipment, running from IBM, Tandem and AT&T machines, to computer-aided design terminals and Waugs used for word processing, according to Mr. Ron Czaplewski, Illinois Bell marketing manager.

"The ISDN trial will eliminate this incompatibility where needed" among three different buildings, he says. After the trial, Illinois Bell expects to extend the service to "our major metropolitan business locations," he adds.

In deregulated environments, the operating companies are trying to develop attractive ISDN capability on the public telephone system before it is too late. More and more of their best customers—big, rich companies with huge telecommunications appetites—are getting fed up with waiting for this capability which holds so many important business advantages.

Big companies already have enormous investments in computer capability. But as with McDonald's, those systems often

## Jane Rippeteau on computerisation of the world's communications network—what it means for users and suppliers

the computer industry got itself into with numerous non-communicating designs.

CCITT has already set important ISDN transmission rate standards that are being taken up by carriers and manufacturers. But much is unresolved, and further progress will require a balancing act of considerable skill.

The protagonists are a mixed bag of business users, equipment makers and telephone operating companies—some in monopolistic environments and some in deregulated climates. The desired incarnation of ISDN is different for each. "Saying ISDN is a little like saying motor cars," explains Malcolm Ross, a telecommu-

nication capability, and is counting on 3m subscribers by 1995. It foresees integrating all services, including eventually cable television. User groups want such functions out of the grip of the monopolies and open to competition, so as to ensure provision of the best services, maximum variety and lowest costs.

Excluding the UK, "the PTTs in Europe will use ISDN to allow their monopolies to creep over other services not traditionally covered by them," says George McKeedrick, chairman of the International Telecommunications Users' Group (INTUG). "It's a horrifying thought, they can say, take ours or nothing," and if they force you to overpay for inferior ser-

vice, they are putting their own countries at a disadvantage."

British Telecom is presently running a pilot ISDN service, with about a dozen business customers. Separately, it offers high-speed lines on a leased basis to companies choosing to build their own private digital networks.

A number of US carriers are also running tests or pilot schemes to find out what if anything their customers want. Wisconsin Bell is towing a trailer around the state to run demonstrations of ISDN capability. "It's for market research, and to inform customers of the technology we

cannot easily communicate with desired speed or volume. The companies want to be able to transfer major documents, hold video conferences, talk and view data simultaneously at two distant locations.

ISDN would make it possible, for instance, for a sales manager at headquarters to telephone a regional manager while at the same time calling up a sales graph on his desktop terminal and sending it to the regional office. The two could see and discuss the graph at once.

In the most extravagant example, General Motors went so far as to buy the Dallas-based computer services company Electronic Data Systems, partly to build such network capability. Many companies are attacking the problem on a lesser scale. In December, British Petroleum set up a new internal service it calls GROUP-NET to link its London headquarters with Aberdeen and 11 other UK sites. Anybody who is connected can transmit voice, data, text and even images to any other connected location.

Participants in a third market sector are also jumping the gun into ISDN before universal standards exist. These are the equipment manufacturers. Operating companies buy billions of dollars worth of equipment every year in the US the Bell companies alone spend some \$14bn annually, according to telecommunications analyst Mr. Jack B. Grubman, at Paine Webber Inc in New York.

The emphasis today is not only on digital equipment, but digital equipment that either has or can be upgraded to handle ISDN, says Mr. Ronald Weinbruch, a vice president for sales at Siemens Public Switching Division in Boca Raton, Florida. "In the US, the need for ISDN is no longer debated," he says. "It is now the critical thing in selling switches."

The American Telephone & Telegraph Corp and Northern Telecom dominate the US market for central office switches, but Siemens has recently scored big with an order from Wisconsin Bell for its advanced digital switches, with ISDN capability. Four Bell holding companies have given Siemens approval to bid on contracts for the device. The extremely competitive US market recently claimed one victim—ITT dropped out.

A separate lucrative equipment market is taking shape at the user end. This is in the form of "smart" telephones and other desktop terminals that will function as each user's access point to ISDN. The CCITT, though, has not yet come up with the standards for this equipment. Makers are rushing in anyway, in a risky

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play to create their own *de facto* standards. "They are trying to preempt what the standard will be," notes Mr. Ross of A. D. Little.

Although each supplier is keen to differentiate its equipment, they are falling into line behind the CCITT's transmission standard. This calls for basic service consisting of three channels, two for voice and data moving at 64,000 bits per second and one running at 16,000 bits per second to carry signalling information such as the destination of data on the faster channels.

An advantage of these speeds is that they can be handled by most existing telephone lines,

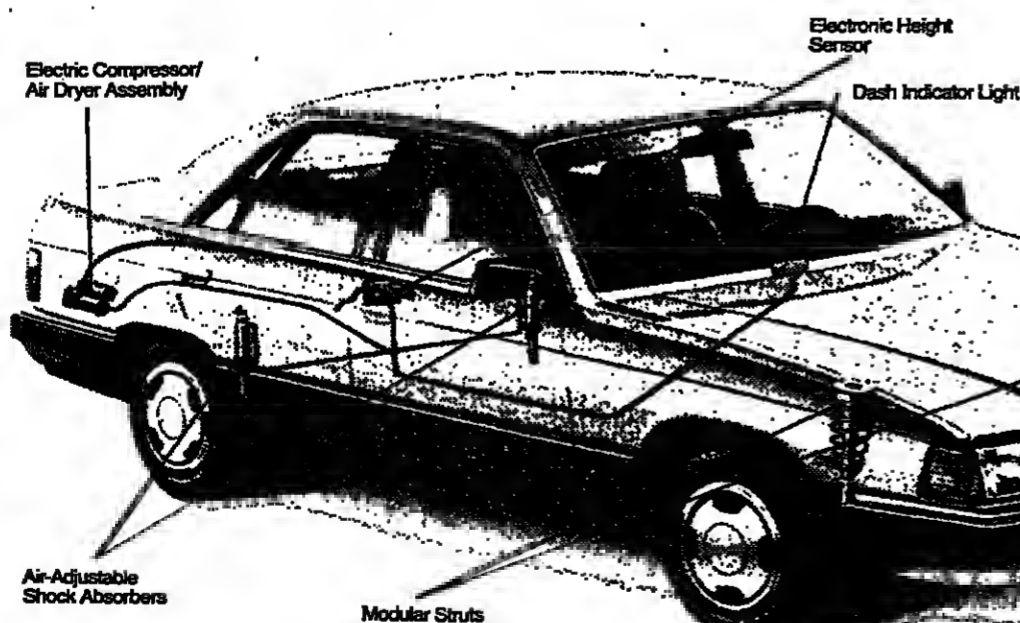


including old copper local loops built for analog transmission. Some users will not need even that much capacity, but others—particularly businesses—want more. A second level of service, called primary, lifts capacity to 23 voice and data channels, and one signalling channel, all at 64,000 bits per second.

Even that is less than some business needs now command. The BP GROUPNET line runs at 2m bits per second. And that gives the company a view into the cradle of the second telecommunications coming: the luxury of its own private video conferencing studio.

Next Friday's Technology Page will look at ISDN-like private networks.

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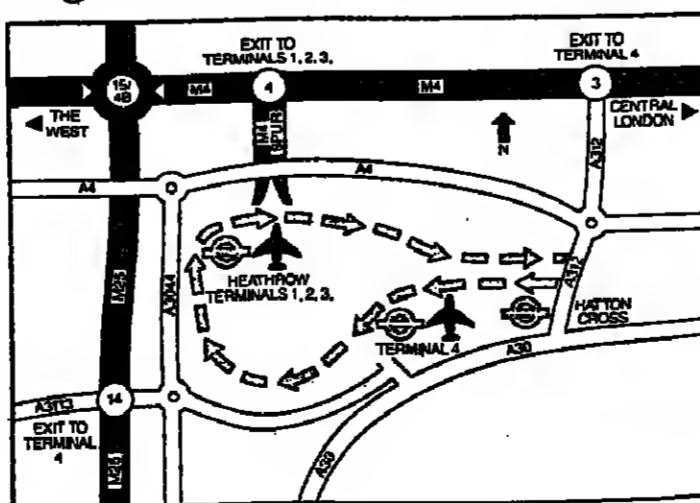
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# THE PROPERTY MARKET BY WILLIAM COCHRANE

## Retailing

### The battle for Wimbledon town centre

YESTERDAY week, March 27, the London Borough of Merton gave planning permission to two Speyhawk schemes to develop the Wimbledon town hall site on Queens Road in the town centre.

One retains the 1930s town hall building, the other does not. Both retain a Victorian fire station recently listed by the Environment Department. The schemes will provide either 320,000 or 350,000 sq ft of shopping and Speyhawk will pay Merton either £12.75m or £19.9m for the privilege of building them.

Will provide? Not if Geoffrey Wilson, chairman and chief executive of the Greycoat Group, can prevent it. Greycoat founded its fame on such office developments as Cutlers Gardens, Finchley Avenue and Victoria Plaza, but it extended its retail property and development interests last summer with the acquisition of Merevale Properties.

Merevale's Rod Pearson started pitching for Wimbledon's prime retailing in the summer of 1984 via a site on Hartfield Road, also in the town centre. Its latest planning application, lodged jointly with major landowner the UK Provident Institution, envisaged 200,000 sq ft of shopping although this would partly replace existing retailing units. This latter scheme found favour with the Wimbledon Town Centre Co-ordinating Group, which claims to represent

local residents and has expressed its concern about the loss of buildings such as a civic hall, a Baptist Church and a magistrates court on the town hall site.

However it has clearly not suited Merton council. Leader of the council Harry Cowd is quoted in support of the Speyhawk scheme, saying that a "vast majority" of the borough has indicated that it wants this solution for the central area. And that ought to be that. The council elections come along next month end, in the normal way of things, the new council would choose one of the Speyhawk schemes selected eight days ago, and proceed with it. But Mr Wilson is not beaten.

#### Conservation

"Clearly Merton Council, in its present form, is wedded to the Speyhawk scheme," he said yesterday. "Therefore it seems to me that if Greycoat's very different planning approach, which is comprehensive and conservation minded, is to be properly aired, it is only a call in of all the schemes by the Secretary of State and its attendant local enquiry that will achieve this: end I hope that this is what happens."

His thinking is not just wishful. Greycoat, next week will be putting out a broadsheet for Wimbledon consumption which will cover the plans for Hartfield Road, produce a conservation-based plan for the town hall site and put some ideas forward

for development of the railway station.

The broadsheet will counter a similar missive to residents from Speyhawk, which asked supporters to write to Speyhawk chairman Trevor Osborne; Wilson asks his audience to write to Mr Kenneth Baker, Environment Secretary, and call for that public inquiry.

All this fuss and flurry will probably draw a wry grin from Michael Harris, deputy senior partner of Strutt & Parker, Mr Harris, known for his orchestration of Hammersmith's central office development over the years, is on retail ground here as adviser both to Merton Council and to Speyhawk.

He recalls that, in 1965 ("when I was an assistant") British Rail put together a consortium of top property operators to redevelop its stations. "They picked on Wimbledon, among others; this was the third scheme the council had seen by then," he says.

"Wimbledon is a super place," he says. "But it is one in which, for 25 years, the council has not made up its mind about how to develop the central area." Now that it has done so Mr Harris, the council and he says, "the large, silent majority of the people of Wimbledon," would dearly like to see some action.

S & P owes its main allegiance to Merton, having been appointed by the council three years ago on a brief which directed it, first, to advise on

the way to stop the decline in the central area of Wimbledon and, secondly, to go ahead and stop it.

There are four main sites in the central area: ● The Wimbledon Bridge site; ● The town hall site; ● Hartfield Road; and, potentially, ● Wimbledon railway station, still waiting for treatment.

The Wimbledon bridge site, on St George's Road, takes in one completed development, and one in the planning stages. Laings worked for 20 years on the St George's Road site, finally dropped out and sold it to Commercial Union who developed it as 120,000 sq ft of offices, eight storeys with a strip of shops at ground level," says Harris.

"However, we decided that the town needs his new retail traders: it hasn't got any big names apart from Woolworth, and Elys the family department store: people had to go to Wandsworth, Putney or Kingston for that sort of shopping," he says.

#### Bridge site

S & P persuaded Marks and Spencer to take 70,000 sq ft, two years ago, on the Wimbledon Bridge site which it saw as phase 1 of the town's regeneration. Speyhawk came in as developers of 90,000 sq ft of retailing on the site and another 150,000 sq ft of offices, against competition from other major developers.

Then the Greater London Council objected to the scheme. After it had been delayed for 14 years, says Harris, M and S changed its mind about the main thrust of its future expansion and out of town sites with plenty of ground level parking were now in the limelight. M and S came out, and the shopping content was redesigned to 45,000 sq ft for occupiers in the class of W. H. Smith, Boots or Habitat/Mothercare.

Trevor Osborne, chairman and joint managing director of Speyhawk, says his company was "required" to put forward plans for the major town hall retailing site as a part of its agreement to develop Wimbledon Bridge.

Harris says that the original M and S involvement depended, not just on the Wimbledon Bridge development, but on a major regeneration of the town centre—that this was a prerequisite for any of the developers who were interested in phase 1.

The council, they say, took the view that by fixing on one developer, they would get things done at last, get some grit or commitment into the regeneration process.

"The retailers say that this is going to be the most successful scheme in south-west London," says Harris. "Greycoat's will happen, when the town is a good one — when we have made Wimbledon a retailing success."

### Watford strikes back

IN A response to pressure for out-of-town development, Watford Borough Council is joining with the Sun Alliance Insurance group and Capital & Counties to put £100m, 600,000 sq ft shopping centre on what is known as the Mars 1 site, ten acres in the heart of the town centre.

The new centre will be integrated with the existing Charter Place Shopping Centre said John Abel, a director of Capco, this week. It will include the relocation and expansion of the John Lewis Partnership branch, Trewhin, and extensions to the existing Marks and Spencer and British Home Stores.

Mr Abel estimates that the net increase in town centre shopping space will be about 270,000 sq ft. The £55m cost of the development will be met by Sun Alliance and Capco, but further expenditure by the occupants of the properties will raise the total to well in excess of £100m.

Watford, which has always defended town centre shopping against incursions from the out of town operator, has been looking at the Mars 1 site since the early 1960s.

It is only recently, the council said yesterday, that the money has become available from investors to put the development in hand.

According to retail gossip, the money arrived just in time. John Lewis, says the trade, had been looking at Welwyn Garden City on the A1(M), not far away.

### City freeholds on the move again

AFTER A quiet winter, the City of London freehold office market is ticking over again. Smith Melnick and Jones Lang Wootton started the process last week with the filing sale of 35-39 Moorgate to clients of Ernest Owers and Williams, said to be Bristol and West.

The deal represented a rent of £40 a sq ft on the 12,500 sq ft of offices (located less than 200 yards from the Bank of England) and a yield of 4 per cent.

Meanwhile, Speyhawk popped up again this week, in interlinked City freehold deals worth over £30m.

With its joint venture partners, the Johnston Group of Redhill, Surrey, Speyhawk has been developing 40,000 sq ft of net office space in two buildings at 71-77 Leadenhall Street and 32-40 Mitre Street, EC3, to a design by architects the GRW partnership.

Swire Re (UK) is paying around £20m for the development and selling its 22,000 sq ft at 108-108a Cannon Street to Speyhawk for "close to" £11m.

Finally, on the fringes, Pritchard Services group has sold its two adjoining buildings at 34-44 Clifton Street and 56-58 Worship Street, just to the north-west of Finsbury Square, to quantity surveyors Atwell Yards Hall, Healey and Baker acted for

Pritchard which is moving to a new purpose-built headquarters at Millharbour in Isle of Dogs Enterprise Zone. AYH were represented by Grimley and Son and the purchase price for the buildings, aggregating 15,400 sq ft, was in excess of £2m.

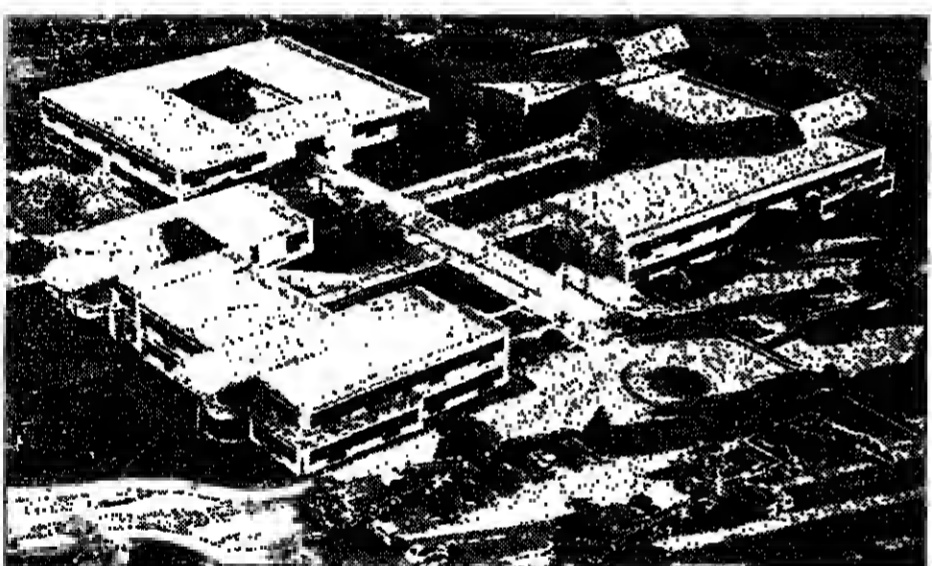
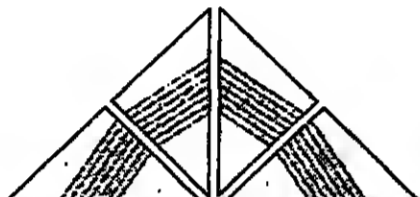
● The Canary Wharf consortium expects to break ground this summer for its planned 10m sq ft office development on the Isle of Dogs in London's Docklands. Joe Williams, vice president of Morgan Stanley International, a consortium member, said so this week as he restated his bank's commitment to the scheme as "investor" and occupier.

This follows Midland Bank's declared interest in the development. Another consortium partner, Credit Suisse First Boston, is taking temporary space in Oxford Street which it says is an earnest of its intention to wait for permanent premises at Canary Wharf.

● Hilmer Parker's latest survey of industrial voids among institutions and pension funds showed industrial property shows a void rate of 2 per cent measured as a proportion of portfolio value.

The firm also said this week that Messrs. B. de Saules and MFE Marshall have accepted an offer from a firm to join the partnership.

One instinctively knows when things are absolutely right...



### THE WESTLEA CAMPUS, SWINDON

The Westlea Campus is a prestigious Business Park development comprising 75,000 square feet in three interlocking buildings set in 6.5 acres of sensitively landscaped grounds. The scheme has been designed to meet the increasing expectations that companies have of their working environment in today's high technology markets.

Situated close to the centre of Swindon yet in the Wiltshire countryside, a wealth of amenities and leisure facilities are available nearby. In addition, the M4 motorway (two miles away) and high speed rail services provide rapid links to London and Heathrow International Airport.

For further information contact the agents at:

**DEBENHAM TEWSON & CHINNOCK**  
01-408 1161

A Development by Wyndham Investments Ltd.

### THE OPPORTUNITY HAS ARISEN TO RENT OR BUY FREEHOLD

A SINGLE CORPORATE HEADQUARTERS, PRODUCTION, RESEARCH AND DEVELOPMENT COMPLEX

of 420,000 sq ft  
Adjacent to the M3, and to be built to the occupiers specific design

Retained agents or principals only, please contact:

Box T6315, Financial Times, 10 Cannon Street, London EC4P 4BY

### CADOGAN GARDENS SLOANE SQUARE, LONDON SW3

AN EXISTING RESIDENTIAL CLUB

ALTERNATIVELY SUITABLE FOR MEDICAL, EDUCATIONAL, HOTEL, INSTITUTIONAL OR DIPLOMATIC OFFICES, ETC.

(Subject to Planning Permission & other necessary consents)

THE PREMISES COMPRIZE TWO SUBSTANTIAL LATE-VICTORIAN TERRACE HOUSES ON BASEMENT, GROUND AND FOUR UPPER FLOORS, PRESENTLY PROVIDING SOME 42 BEDROOMS AND USUAL OFFICES, WITH ESTIMATED GROSS INTERNAL FLOOR AREA 15,250 SQ.FT. (1417 M.SQ.) APPROX.

LEASEHOLD 63 1/2 YEARS FOR SALE

AT RENT CURRENTLY £20,000 P.A. RISING TO £52,500 P.A. AND REVIEWABLE 1989 TO 45% OF RACK RENTAL VALUE; F.R.&I

PRICE £2,650,000

Sole Agents

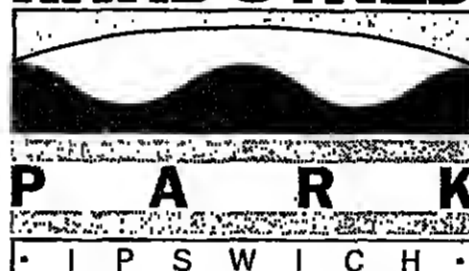
**W.A. ELLIS** 01-581 7654

111/113 Elm Grove, Southsea, Hants. Tel: (0705) 826701.

### FOR SALE FREEHOLD

Substantial offices, factories and warehouses.

### RANSOMES



Your business can't get by without us!

Ransomes Park is ideally situated for direct access to London, the North, Ipswich Airport and Felixstowe.

Various substantial properties are currently available  
• Offices of 75,000 sq.ft. • Warehouses and factories between 83,000 and 109,000 sq.ft. • Land for expansion

On the instructions of Ransomes Sims & Jeffries plc and Ransomes Property Developments Limited.

CONTACT SOLE AGENTS:

**CONWAY REIF STANTON**  
01629 9100

44 ST JAMES'S PLACE LONDON SW1A 1PG

### TWO SUBSTANTIAL PROPERTIES IN EXTENSIVE GARDENS WITH BEACH FRONTAGE

GREYLANDS NORTHWELLS HOUSE

EXTENSIVE EXISTING ACCOMMODATION IDEALLY SUITED FOR LEISURE INDUSTRY, RECREATIONAL OR INSTITUTIONAL USE, OR REDEVELOPMENT AS HIGH QUALITY RESIDENTIAL ACCOMMODATION. Both properties are to be sold together by auction (unless sold) on Thursday May 15th 1986 (venue to be advised). For full details contact Whiteheads Auction Division at...

**Whiteheads**  
Auction Division

111/113 Elm Grove, Southsea, Hants. Tel: (0705) 826701.

THE SECRETARY OF STATE FOR THE ENVIRONMENT  
THE PROPERTY SERVICES AGENCY

### THE FORMER NATIONAL DEFENCE COLLEGE

LATIMER, BUCKINGHAMSHIRE

A COMMERCIAL AND RESIDENTIAL CAMPS IN PARKLAND GROUNDS OF 25 ACRES FOR DEVELOPMENT OR OCCUPATION.

A mid 19th century country mansion with planning permission to create 26,000 sq.ft. offices, 76 dwellings, formerly Officers' and Other Ranks' married quarters. Lecture Theatre and Conference Hall. Suitable for conversion to flats. Landscaped Park with playing fields and tennis courts.

FREEHOLD FOR SALE BY TENDERS AS A WHOLE OR IN LOTS

Railway Station, 30 High Street, High Wycombe, Bucks HP12 3AG. Tel: (0494) 21224. 2800-8544 (8.45-6.0)

### Humberts Leisure

West Midlands Golf Consent Birmingham (12 miles)

A prime site with consent for 18 hole golf course, club house and leisure complex, in mature landscape setting. Central tourist/commercial location. In all about 142.94 acres Freehold. Offers invited. Joint Agents: Charles R. Phillips FSA, Southall. Tel: 054-424 331 and Humberts Leisure - tel: 01-629 6700 (01/39/31/NTP)

### CAMBRIDGE

New Freehold Office Research and Development Buildings

FOR SALE

All Enquiries

Januarys

0223 63291

### SUPERB MODERN PRESTIGE OFFICES

1 MOUNT ST. MAYFAIR W1

OVERLOOKING BERKELEY SQUARE ON FOUR FLOORS 13,600 sq ft TO LET

★ Air Conditioned ★ Extensive private car parking  
★ 24 Hour Access ★ Uniformed Portage

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40 Crawford Street, London W1H 2BB  
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### DOCKLANDS PROPERTY CENTRE

Network House, The Lanterns, Millharbour, London E14

COMMERCIAL PROPERTIES THROUGHOUT THE DOCKLANDS  
Tel: 01-538 4411

PRESTIGE 4500 sq ft and 4300 sq ft in air...  
The above units are available singly or in combination in a good...  
10 year full term lease...  
3 units 1200/1500 sq ft also available.  
All air conditioning and full services.  
TECH WEST CENTRAL WAREHOUSE, MAY LANE, WINDSOR W6 8ND  
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TEKINGTON, MIDD. Top rate new Hi-Tech headquarters in prime location. To let 27,500 sq ft well fitted offices and 10,000 sq ft warehouse. Central location. Tel: 01-745 5651. Central location. Tel: 01-745 5651.

PARK LANE, W1. Refurbished quality building. 3,250 sq ft. For sale freehold. Tel: 01-745 5651. Central location. Tel: 01-745 5651.

### Private Property Company with institutional shareholding wishes to purchase

FOR CASH investment companies with commercial or industrial portfolios

Details in confidence to: Ref: DRS

**DEBENHAM TEWSON & CHINNOCK**

01-408 1161

### Property Portfolios

We are seeking to acquire a good commercial/industrial property portfolio in the Home Counties or South of England up to £20m.

**MUCKLOW**

A & J Mucklow Group plc  
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Tel: 021-350 1841  
Developing land in the right places

### PRESTIGE FREEHOLD OFFICE BUILDING FOR SALE

LONDON SW1

Between Parliament Square and Smith Square

3,000 square feet Fully furnished and fitted. Offers invited.

Principal only. Write Box 7034, Financial Times 10 Cannon St, London EC4P 4BY

### Woodland 80 acres

Broadleaved immature, North Lincolnshire (freehold). Shooting rights included. £46,660

ONO for quick sale, (nearest mainline station 15 miles). Phone 0427 3151, Day or night.

## URGENTLY REQUIRED

Sites for  
Retail Warehouse Development  
2 to 10 Acres  
Adjoining major arterial routes  
All replies in strict confidence to:

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LONDON MANCHESTER LIVERPOOL BRISTOL

## CAMBRIDGE

## BUSINESS PARK

New Prestige Building  
Major road frontage  
Offices, R & D and Production  
Superb Specification  
14,000 sq ft - To Let

**MOSS**  
01-629 9933

## HATFIELD, HERTS

2 x 5,000 sq ft  
New a/s warehouse units  
with offices & large yards  
FREEHOLD FOR SALE

**SMITH MELZACK**  
Lettings considered

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London WC1X 3DA  
01-483 1873

## FOR OFFICES THAT ARE

10 MINUTES TO THE CITY

£10 per sq. ft.  
total outgoings:

Contact:  
**LENNARD TYNER & CO.**  
01-935 7116

**JONES LANG WOOTTON**  
01-493 6040

## WE WISH TO PURCHASE THE

BEST SHOP OR OFFICE  
INVESTMENT IN  
CENTRAL LONDON

from £2m to £5m  
Phone Ref: CRWV  
**MELLERSH & HARDING**  
43 St James's Place, SW1  
01-499 0866

## FALL MALL

Short Term Offices - 3,300 sq ft  
Immediately available on a short  
lease expiring July 31, 1987. High  
quality accommodation with no fit-  
ting out costs.

Telephone facilities. Furniture avail-  
able. Subject to separate  
negotiations.

Call:  
**PORTMANS** 01-561 1477 Ref: RM/PSP

## PARK LANE OFFICES

5,700 sq. ft. approx.  
TO LET

With private garage  
Flexible Lease  
**JONES LANG WOOTTON**  
01-493 6040 Ref: W.A.R.

## PRIME MAYFAIR - TO LET

The most exclusive and elegantly  
furnished OFFICE SUITE  
in the Berkeley Square area is  
now available. 900 sq. ft. approx.

Furnished or Unfurnished  
Apply: 01-409 2200 (ref: RM)

## TO LET 17,000 sq ft

including 3,000 sq ft offices  
DOWDORTH, MR BARNWELL  
PRESTIGE WAREHOUSE

Built 1978  
Only 1 mile from Junction 37 of M1  
Co-operative Wholesale Society Ltd  
Property Group, Central Region  
New Century House, Manchester  
M60 4EB - Tel: 061-824 1212 Ex 5311

## COMMERCIAL AND

INDUSTRIAL  
PROPERTY ADVERTISING  
APPEARS EVERY FRIDAY

This Rate is £35.00 per  
Single Column Centimetre  
plus V.A.T.

## IBA Investments

## Enterprise Zone Developments

## 100% TAX RELIEF

Full Tax Relief for Investments in Industrial and Commercial  
Property in well-located Enterprise Zones. Prices range between  
£14,850 and £13m with guaranteed rents.  
For further information, please contact:  
**Jeremy Holland, Enterprise Zone Developments Ltd**  
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Telephone: 01-488 7400

## Enterprise Zone Developments

## 100% ISA - ENTERPRISE ZONE INVESTMENT

NOW AVAILABLE  
TAYSIDE E.Z. UNITS FROM £16,000  
RENTS GUARANTEED  
TOTAL ESTATE £495,000  
PHONE JOHN PIPER ON 023-728311  
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## 100% IBA

Prime Locations  
Non Enterprise Zone  
With Tenants or Bank  
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on 0792 554333

## Factories and

## Warehouses

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## WHOLESALE WAREHOUSE

12,000 sq ft on site of 1 Acre  
20ft clear to eaves. Planning for  
further 10,000 sq ft Extensive  
hard standing  
M1 3 miles. Coventry 20 miles  
STAFFS  
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Tel: 0528 884441

## Offices To Let

## KINGSWAY, W.C.2

Superb office suites to  
let in the immediate vicinity of  
St. Paul's Cathedral. 1,000-2,000  
sq. ft. Air conditioning, lift, 24 hour  
security, ample parking. See them  
all. 101 St. Paul's Churchyard, W.C.2  
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## For Investment

## INVESTMENT FACTORY

Early 60's Freehold, 7,000 sq ft  
approx. Good lease (Repairing).  
Approx 18 years unexpired,  
currently producing £25,000 p.a.  
£230,000 O.N.O. Miss Suchland  
01-821 1115

## Offices

## Over 1,000,000 sq ft

of modern  
office accommodation in West  
End and City will be available  
in units of 5,000-30,000 sq ft.  
1986-88. Long leases at £8-£20  
per sq ft.

## CONSULTANT RESOURCES

LIMITED  
Box T6316, Financial Times, 10  
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## International

## Property

## REAL ESTATE

## COMPANY

FOR SALE  
Texas, U.S.A.

Offered by Owners  
\$26 Million in Assets  
\$22 Million in Liabilities

Joint Ventures Considered.  
Data Service, Insurance, etc.  
- Principals Only -  
214-733-0074

P.O. Box 79295  
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## Real Estate Investment

in the USA and Germany  
Small team of R.E. experts  
will advise you and your  
investments of £100,000  
and above. Personal service to  
your exact requirements.

Interested?  
Please contact: Mr. Max Tan  
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Bavaria 91, CH-3000 Zug/Schweiz  
Phone 0104142 2320 73.

## FOR SALE

## PRIME MANHATTAN

## PROPERTY

WEST 70's  
Newly Renovated  
130-apartment Residential Hotel  
Kitchen and Bath in every apartment  
322m projected Gross income  
Must be sold - Payment dispute  
\$16,750,000 - Cash and Terms  
For information contact:  
April 10th 1986, Mr. Ziv  
Zurich - Phone: 282-2500  
After April 20th in New York  
at 212-307-4888

## INDUSTRIAL/WAREHOUSE

## PREMISES - ANTWERP

Da motorway route into Holland/  
Germany, 600 sq metres with useful  
height, 3 floors, office accommodation,  
25 sq metres, all services,  
loading bay. If required clerical/  
supervisory staff.  
Contact UK parent  
(0734) 587075

INTERESTING ITALIAN SUNSHINE propo-  
sition property with great potential. Offer  
on 95m (see Michael Soper, Tel: (0855)  
519028.

## Company Notices

## PUTNAM EMERGING HEALTH SCIENCES

## TRUST S.A.

Société Anonyme d'Investissement  
Luxembourg, 43 Boulevard Royal  
L.C. Luxembourg B 20958

## Notice of Meeting

Messrs Shareholders are hereby convened to attend the Annual  
General Meeting which will be held at the offices of Kredietbank S.A.  
Luxembourg, 43, Boulevard Royal, Luxembourg, on April 10th, 1986  
at 3.00 P.M. with the following agenda:

## Agenda

1. Presentation of the reports of the Board of Directors and of the  
Statutory Auditor for the year ended 31st December 1985 and of the  
approval of the balance sheet, profit and loss account as at  
December 31st, 1985 and the allocation of net profits.
  2. Declaration of a dividend.
  3. Approval of the resignation of Directors.
  4. Discharge of the Directors and the Statutory Auditor for the fiscal  
period ended December 31st, 1985.
  5. Action on nomination for election of Directors and a Statutory  
Auditor for the ensuing year.
  6. Any other business which may be properly brought before the  
meeting.
- Shareholders are advised that there is no quorum requirement for  
all the items of the agenda and the resolutions thereof will be passed at  
the simple majority of the shares present or represented at the Meeting,  
subject to the restriction that no Shareholder either by himself or by  
proxy can vote for a number of shares in excess of 1/5 of the shares issued  
or 2/5 of the shares present or represented at the Meeting.
- Holders of bearer shares may vote at the meeting in person by  
producing at the meeting either their share certificates or a certificate  
of deposit which will be issued to them against deposit of their share  
certificates with Kredietbank S.A., Luxembourg, 43 Boulevard Royal,  
Luxembourg.
- Holders of bearer shares may vote at the meeting by proxy by  
completing the form of proxy which will be made available to them  
against deposit of the share certificates as aforesaid.
- Share certificates so deposited will be retained until the meeting or  
any adjournment thereof has been concluded.
- Holders of registered shares may vote at the meeting either in person  
or by proxy by completing a form of proxy which will be sent to them.
- In order to be valid all forms of proxy must reach the registered  
office of the company at least one day before the date of the meeting.

By Order of the Board of Directors  
Antoine Rousseau  
Administrative Manager

## Notice of Redemption

## Sociétés de développement

## régional «SDR»

EUA 25,000,000.- 91% 1975-1987

Holders of the above mentioned issue are hereby informed that following  
early redemption of EUA 25,000.- effected on May 5th, 1979, the amortiza-  
tion of May 5th, 1986 has been fixed at EUA 4,387,000.-

The Bonds to be repaid have been drawn by lot on March 19th, 1986 in the  
presence of a notary public and bear the following numbers:

12427 - 14103 and 20530 - 23239,  
these numbers inclusive

These bonds will be redeemable at par on and after 5th May, 1986 with all  
unpaid coupons attached thereto.

The principal amount of bonds outstanding after the amortization of 5th May,  
1986 will be EUA 4,387,000.-

Finally it is recalled that the following bonds which have been drawn by lot in  
1978, 1980, 1981, 1982, 1983, 1984 and 1985 have not yet been presented  
for payment:

16511-16612; 7085-7094; 2545-2546; 9038; 10180-10184; 10289; 10514-  
10516; 14370-14372; 14617; 14889-14896; 18302; 18478; 6579-6580;  
6750-6752; 6889; 10847; 10857; 10864-10865; 10895;  
11053; 11072; 11401; 11445-11446; 11453-11454; 11584-11595; 11600;  
11629-11630; 11751-11756; 11847-11848; 11882; 11898-11900; 12151;  
12203-12208; 12401-12405; 12880; 12893-12897; 12816-12836; 12751-  
12752; 12816; 12819; 12821-12825; 12878-12881; 12893-12895;  
12928; 12933-12935; 12936-12937; 13407-13416; 13419; 13421; 13481-  
13482; 13502; 13587-13595; 13648; 13649; 13650; 13714-13716; 13721-  
13722; 13754-13755; 13758-13759; 13762-13763; 13802; 13840-13844;  
13951-13957; 13963-13969; 13988-13990; 13995-20000; 20026-20029;  
20030; 20033; 20048-20049; 20185; 20188-20189; 20198-20202;  
20203-20205; 20261-20262; 20272-20276; 20284-20291; 20338-20340;  
20345; 20436-20441; 20453-20458; 20488-20493; 20477-20478; 20487-  
20488; 20492; 20495-20499; 20503-20508.

## BANQUE INTERNATIONALE

## A LUXEMBOURG

Fiscal Agent

Luxembourg, April 4, 1986

## CARREFOUR GROUP

## RESULTS FOR 1985

(in millions of French Francs)

	1985	1984	Progression 1985/1984
Sales	44 169	39 306	+12.4%
Income before extraordinary items	520	428	+21.5%
Extraordinary items	58	58	
Net income	520	486	+7.0%
Primary earnings before extra- ordinary items per share (in francs)	170.38	144.72	+17.7%
Fully diluted earnings before extra- ordinary items per share (in francs)	164.39	138.24	+18.9%

The Board of Directors will propose to shareholders at the Annual  
General Meeting on April 29 1986, a dividend of 70 Francs per  
share (+13.8%). As a result of the new shares issued in 1985 on  
conversion of bonds the overall distribution increased by 17.5%.  
A 4-for-3 stock split will be implemented in May 1986.

## JUGOBANKA

## United Bank

## U.S. \$50,000,000

## Floating Rate Notes 1989

NOTICE IS HEREBY GIVEN that a drawing of  
Notes due for redemption on 30th May 1986 will  
take place on 16th April 1986.

The prefix and note numbers drawn will be  
published at a subsequent date.

Barclays Bank PLC, 54 Lombard Street, London EC3P 3AH.  
Fiscal Agent

## NOTICE OF ORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the  
ORDINARY GENERAL MEETING of the  
SHAREHOLDERS will be held at the Regis-  
tered Office of the Company, 54, Boulevard  
Royal, Luxembourg, on April 10th, 1986, at 3.00 a.m. to consider  
the following Agenda:

1. Report of the Directors and of the  
Auditors on the company's  
business for the financial year 1985.
2. Balance Sheet and Profit and Loss  
Account for the year ended 31st  
December 1985.
3. Discharge of the Directors and  
Auditors.
4. Statutory appointments. Number of  
Directors.

Shareholders wishing to attend or  
to be represented at the meeting must con-  
form with Article 30 of the company's By-  
Laws.

Bearer shares must be deposited so as  
to be presented at the meeting prior to 10.00  
a.m. on the day of the meeting. Registered  
shares must be presented to the company and  
the company must be notified of the transfer  
of the shares to the company.

Share certificates must be deposited so as  
to be presented at the meeting prior to 10.00  
a.m. on the day of the meeting. Registered  
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## QUANTUS FUND

## Société d'Investissement à

## Capital Variable

10a, Boulevard Royal  
Luxembourg

## NOTICE TO SHAREHOLDERS

## NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the  
Annual General Meeting of the  
Quantus Fund will be held at the  
registered office in Luxembourg, 10a  
Boulevard Royal on Thursday, 17th  
April, 1986 at 11 a.m. for the  
purpose of considering the follow-  
ing agenda:

- (1) To receive and adopt the man-  
agement report of the directors  
for the year to 31st December,  
1985.
- (2) To receive and adopt the report  
of the statutory auditor for the  
year to 31st December, 1985.
- (3) To receive and adopt the  
annual accounts as at 31st  
December, 1985.
- (4) To elect or re-elect the  
directors and the statutory  
auditor in respect of the  
renewal of their mandates to  
31st December, 1986.
- (5) To elect or re-elect the  
statutory auditor in respect of  
the renewal of his mandate to  
31st December, 1986.
- (6) To approve the carrying  
over of any other business.
- (7) To receive and adopt the  
report of the directors for the  
year to 31st December, 1985.
- (8) To receive and adopt the  
report of the statutory auditor  
for the year to 31st December,  
1985.
- (9) To receive and adopt the  
annual accounts as at 31st  
December, 1985.
- (10) To elect or re-elect the  
directors and the statutory  
auditor in respect of the  
renewal of their mandates to  
31st December, 1986.
- (11) To elect or re-elect the  
statutory auditor in respect of  
the renewal of his mandate to  
31st December, 1986.
- (12) To approve the carrying  
over of any other business.

The shareholders are invited to  
attend the meeting in person or  
by proxy. Proxy forms will be  
sent to the shareholders by post  
not later than 10 days before the  
meeting. The proxy form must be  
signed by the shareholder or by  
a duly authorized person and  
must be deposited at the regis-  
tered office of the company at  
least 10 days before the meet-  
ing.

Share certificates must be de-  
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the company at least 10 days  
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## Arts Week

F S S M T W T F  
 4 5 6 7 8 9 10

### Music

#### LONDON

Royal Philharmonic Orchestra conducted by Antal Dorati with Radu Lupu, piano. Beethoven. Royal Festival Hall (Mon), (826 3191).  
 Philharmonia Orchestra conducted by Claudio Abbado with Itzhak Perlman, violin, Tchaikovsky and Scriabin. Royal Festival Hall (Tue).  
 City of London Sinfonia conducted by Yan Pascal Tortelier with Vazulko Horowitz, violin. Ravel, Mozart, Hindemith and Beethoven. Barbican Hall (Tue), (538 8891).  
 Antal Dorati 80th birthday concert in the presence of Princess Anne. Royal Philharmonic Orchestra and the Brighton Festival Chorus conducted by Antal Dorati. Beethoven. Royal Festival Hall (Wed).  
 London Philharmonic Orchestra conducted by Jukka-Pekka Saraste with Jonathan Snowden, flute and David Watkins, harp. Ravel, Mozart and Rimsky-Korsakov. Royal Festival Hall (Thur).  
 Royal Philharmonic Orchestra conducted by Jukka-Pekka Saraste with Carlos Bonelli, guitar and Alberto Portuguez, piano. Spanish programme. Barbican Hall (Thur).  
 Felicity Lott recital (Mon), Theatre de l'Athenée (4742 8727).  
 Orchestre de la Chapelle music: Beethoven, Gounod, wind instruments (Tue 8.15 pm). Salle Chopin-Pleyel (4561 9807).  
 Inaki Fresan, baritone, Manuel Cabero Irujo, piano. Mozart, Schubert, Schumann (Tue 8.30 pm).

#### PARIS

Bruckner, Concertgebouw. The Netherlands Philharmonic conducted by Kees van Nieuwenhuysen, with Augustus Dumay, violin, and Nicolas Zander, piano (Tue), Concertgebouw Orchestra, with Jorge Bolet, piano, and Jari van Nes, mezzo. Berlioz, Ravel, Liszt (Wed, Thur). Recital Hall: Yo-Yo Ma, cello, and Patricia Zander, piano (Thur), (71 8345).  
 Utrecht, Vredenburg. Screening of Eisenstein's Battleship Potemkin, with Edmund Meisel's score performed by the Brabant Orchestra conducted

### Opera and Ballet

#### PARIS

Prokofiev's War and Peace produced by the National Opera from Sofia, Théâtre des Champs Elysées (4723 4777).  
 La Traviata alternates with Soirée Maurice Bejart at the Paris Opera. Ravel's L'Histoire Espagnole, a one-act musical comedy full of Spanish rhythms, is completed by Puccini's Gianni Schicchi, a one-act opera full of verve and humour. Opera Comique (426 0611).  
 Sankai Jaku, choreographed by Ushio Amagatsu, creates a shock with often disturbing and cruel images of the Buto dance. Théâtre de la Ville (4742 2217).

#### BRUSSELS

Cirque Royal: The Merry Widow conducted by Christoph von Dohnanyi with Anja Silja, soprano. (218 2015).

#### LONDON

Royal Opera, Covent Garden: Rossini's Semiramide, in a cooed performance conducted by Henry Lewis, joins the heavily criticised but potentially rewarding, Fliegende Holländer and the solid looking revival of Arabella in the repertoire. (230 1066).  
 English National Opera, Coliseum: Reginald Goodall's last performance of Parsifal in this run, otherwise an evening of dramatic disappointments. The Merry Widow continues to draw the crowds, now in a revised staging by Ian Judge, while there is a return of Elia Moshinsky's ebullient Bartered Bride. (338 3181).

#### WEST GERMANY

Berlin, Deutsche Oper: Katja Kabanova has Karen Armstrong in the title role. Bernd Alois Zimmermann's Die Soldaten, produced by Hans Neuenfels, returns. Don Giovanni

by Allan Feron (Mon), Three-piano recital by Louis van Dijk, Pin Jacobs and Daniel Weyenberg (Thur). Recital Hall: Yo-Yo Ma, cello, and Kathryn Scott, piano. Schumann, Brahms, Schubert, Brahms (Tue). Colorado String Quartet, with Raimo Wasi, piano. Haydn, Shostakovich, Brahms (Thur), (51 4544).  
 Rotterdam, De Doelen: Andrew Davis conducting the Rotterdam Philharmonic, with Jo Hagen, flute. Haydn, Beethoven, Schumann (Tue to Thur). Recital Hall: Beethoven concert by Glen Wilson, fortepiano, Wouter Müller, cello, Erik Hoepfich, clarinet (Mon), (1429 111).

#### NEW YORK

New York Philharmonic (Avery Fisher Hall): Marilyn Schlegel mezzo-soprano, Rudolph Finkunsky soprano, Werner Klemperer narrator, New York Choral Artists directed by Joseph Flummerfelt. Martin, Novak, Dvorak (Tue); Christopher Hogwood conducting the Rotterdam Philharmonic, with Judith Leclair bassoon. All-Mozart programme (Thur). Lincoln Center (874 2424).  
 Waverly Consort (Alice Tully Hall): Michael Jaffe director. All-Mozart programme (Thur). Lincoln Center (582 1011).  
 Kaufmann Hall: Marc Lafort piano recital with Jean-Jacques Kantorow violin. Beethoven, Debussy, Chopin (Tue), 1395 Lexington Av (531 8603).  
 Merkin Hall (Goodman House): Adria Firsztine, mezzo soprano recital. Tackler, Haydn, Bruckner (Tue). Bernstein, Biscardi, Barab, Colgrass, DeFalla (Mon); Boston Camerata. Joel Cohen director. Spanish Renaissance programme (Tue); Yo-Yo Ma, cello, and Patricia Zander, piano (Thur). Kennedy Center (254 3770).

#### NETHERLANDS

Amsterdam, Concertgebouw. The Netherlands Philharmonic conducted by Kees van Nieuwenhuysen, with Augustus Dumay, violin, and Nicolas Zander, piano (Tue), Concertgebouw Orchestra, with Jorge Bolet, piano, and Jari van Nes, mezzo. Berlioz, Ravel, Liszt (Wed, Thur). Recital Hall: Yo-Yo Ma, cello, and Patricia Zander, piano (Thur), (71 8345).  
 Utrecht, Vredenburg. Screening of Eisenstein's Battleship Potemkin, with Edmund Meisel's score performed by the Brabant Orchestra conducted

by Franco Zeffirelli, with choreography by Rosella Hightower. Michel Sesson conducts and the cast includes Carla Fracci, Dominique Khaliliani and Jean Charles Gil. (801 226).  
 Rome, Teatro dell'Opera: Herodiade by Jules Massenet conducted by Gianluigi Gelmetti and directed by Alberto Fassini with a cast which includes Agnes Baltsa, Montserrat Caballé, José Carreras and Juan Pons. (481 735).  
 Trieste, Teatro Comunale Giuseppe Verdi: Un Ballo in Maschera, directed by Alberto Fassini with Adriana Morelli, Stella Silva and Carlo Costantini. (31 948).

#### NEW YORK

Metropolitan Opera (Opera House): The week features the first seasonal performance of Parsifal conducted by James Levine with Leonie Rysanek and Peter Hofmann, joining the repertoire of Don Carlo with Marc Zampieri. Aida conducted by James Levine with Anna Tomowa-Sintow and Luciano Pavarotti. Sir Peter Hall's production of Carmen also conducted by James Levine with Maria Ewing in the title role. Catherine Malfitano as Micaela and Plácido Domingo as Don José; and the last performance of the season of Der Rosenkavalier with Tatjana Troyanos. Lincoln Center (362 6000).  
 Joffrey Ballet (JNY State Theatre): The spring season includes two full-evening performances, Romeo and Juliet and The Taming of the Shrew, four one-act premieres and 14 repertory dances including Ofenbach in the Underworld, Forgotten Land, and Rodeo. Ends April 20. (870 5579).

#### WASHINGTON

Metropolitan Opera (Opera House): National tour includes from the company repertory Don Quixote, Romeo and Juliet, Giselle and The Nutcracker. Ends April 20. Kennedy Center (254 3770).

### Exhibitions

#### TOKYO

No.6 Costume and Kyogen Masks 20 beautiful costumes from the Edo period (17th-19th century) and Kyogen masks from original 14th century present form. Olcura Museum in front of Hotel Olcura. Ends Apr 28. Closed Mon.

#### NEW YORK

Metropolitan Museum: Liechtenstein, the Princely Collection, one of the greatest private collections in Europe, shows a variety of the holdings, like a French Rococo carriage, firearms, sculpture and a hundred paintings, including 18 Rubens, five Van Dycks and eight French portraits. Ends May 13.  
 Museum of Modern Art: In the centenary of his birth, the museum mounts the largest show ever devoted to the architect, design and furniture of Mies van der Rohe with 300 drawings, eight models and a full-scale rendering of the chrome-plated steel column from the 1929 Barcelona Exposition. Ends Apr 15.

#### WASHINGTON

National Gallery: The 150th anniversary of William Homer's birth is commemorated in an exhibit of 100 watercolours of rustic scenes and rural life, which show Homer's experimentation in watercolours before he attempted the subjects in oils. West Building. Ends May 11.

#### CHICAGO

Art Institute: The 75th American Exhibition chronicles the current scene in American art represented by 20 artists including Jennifer Bartlett, Roger Brown, Frank Stella and Ed Paschke. Ends April 27.

#### LONDON

The Tate Gallery: 60 Years of Modern Art is a huge, rambling and always fascinating display marking the retirement of Ronald Alley, Keeper of the Modern Collection for the last 20 years. He has chosen and arranged the show, drawing only on the Tate's stocks. Revival of critical interest in European work before 1980 has meant that the influence of the New York School is no longer the power it once seemed. The work now takes its place with its international peers. The Tate stands among the best of modern collections, and this show makes clear its unique character of generosity and open-mindedness. Ends Apr 27.

#### PARIS

Rembrandt's engravings: Engravings from the Dutch collection represent Rembrandt's intimate world, his family, his friends, even schoolboys and beggars. Every subject interests him, from biblical scenes to the most varied expressions of his own face, from a portrait of a philosopher to an image of a couple making love. He experiments endlessly with the technique of etching, with different types of paper until he achieves the same strength of artistic expression in engravings as he does in painting. Petit Palais, Closed - Mon - Ends April 27. (4265 1273).  
 Vienna 1880-1938: Centre Pompidou stages one of its vast exhibitions where different disciplines combine to bring to life a moment of history. Turn of the century Vienna, melting pot of nationalities and races, is the scene of a paradox. The mournful atmosphere of a fin de siècle is lit by an explosion of ideas and artistic creativity with architects like Wagner, musicians like Mahler and Schoenberg, thinkers like Freud and painters like Klimt, Schiele, Kokoschka and the Secession Movement. Some 2000 exhibits bear witness to Vienna's contribution to modernity. Beaubourg-Centre Georges Pompidou. Closed Tue. Ends May 5. (4277 1233).  
 From Rembrandt to Vermeer: 60 chefs d'oeuvre on loan from the Mauritshuis trace a panorama of 17th-century Dutch painting with Vermeer's View of Delft with genre

paintings, still lifes and landscapes. Grand Palais. Ends June 30. (4261 5410).  
 Diego Giacometti: First exhibition showing the works of a sculptor-creator of furniture, mostly in bronze with animal ornamentation. Musée des Arts Décoratifs, 107 Rue de Rivoli. Ends Apr 11. (4260 3214).

#### WEST GERMANY

Hanover, Sprengel Museum Kurt Schwitters Platz: Kurt Schwitters (1897-1948). This comprehensive show, collected by the Museum of Modern Art, New York, includes as well works from his Hanover period (1923). There are 300 paintings, drawings, assemblages, collages and sculptures. Ends Apr 28.  
 Stuttgart, Staatsgalerie, Konrad Adenauer Platz: 20th Century Art of the 1920s. This is the same exhibition as was shown at the Royal Academy in London last year. It is made up of 300 works from 1920-25 by 50 artists. Ends Apr 28.  
 Hamburg, Museum für Kunst und Gewerbe, Steinwerplatz 1: Also to honour Kokoschka, this museum is showing his complete works for the theatre. The 250 items cover costumes and set designs. Ends Apr 27.  
 Berlin, Haus am Waldsee, Argentinische Allee 30: 1980-1985 Aspects of Italian Art. 106 works by 36 Italian painters, covering the years 1980-1985. Among them, Carroli, Fabbro and Rometti. Ends Apr 27.

#### BRUSSELS

Toulon-Lescaut - paintings, drawings and lithographs. Credit Commercial. Ends Apr 13.

#### ITALY

Rome, Galleria Nazionale d'Arte Moderna: 20th Century Italian Art. Exhibition by one of the liveliest of contemporary Italian artists, now in his eighties. Joyful, irrepressible and irreverent, cocking a snook at conventional values, he is the hero of the Communist Party (which he joined in 1943) or party. He declined to accept the party's strictures on how artists should paint, and one of his most famous works, The Communist (Il comunista), on show here, was severely criticised by the party leader, Togliatti, as being too abstract. Ends April 20.  
 Venice, Peggy Guggenheim Museum (Palazzo Venier dei Leoni): Fifty Years of European painting: 1910-1960. Since Peggy Guggenheim's death in 1979, her collection has been shown in a series of exhibitions, the last of which, representing the important movements of those years: Futurism, expressionism, cubism, futurism, surrealism and dada. The exhibition opens with Manet and ends with Dubuffet, Via Braccato, Picasso, Kandinsky, Modigliani, Klee, Miro and many others. Ends April 14.  
 Venice, Museo Correr: 127 drawings from the rich collection owned by the museum, from the 15th to the mid-19th century, including Guardi, Canova, Canaletto, and Tiepolo, as well as lesser-known artists. Ends April 17.  
 Florence, Museo Nazionale del Bargello: Rembrandt to Donatello: to celebrate the 5th centenary of his birth the 19 Donatello the museum owns, of which only six are of absolutely certain attribution, have been grouped, with much documentation, to give a new view of the artist. The exhibition includes his extraordinary, languid bronze David. Ends May 30.

#### SPAIN

Madrid, "Max Ernst": A vast retrospective of master of surrealism on show for the first time in Spain gathers 125 works of his early Dada, Surrealist, and later stage realist works up to his death. On loan by the Moma, Centre Pompidou, Guggenheim and Menil centres in Europe and the States, offers the fullest study we have yet had of the work of one of the most relevant artists of this century. Fundación March, Castello 77. Feb 28 to April 27.

## FINANCIAL DEREGULATION CONFERENCE.

May 1st and 2nd

A major conference on Financial Deregulation, presented by the David Hume Institute in association with Deloitte Haskins + Sells.

Its aim is to provide a forum for analytical discussion and debate on the principal issues, areas of opportunity, and potential problems arising from deregulation.

The conference will take place in Edinburgh on Friday, 2 May preceded on the evening of Thursday, 1 May by a reception and dinner, with an address by Professor George Stigler, the Nobel prize-winning economist from the University of Chicago and President of the David Hume Institute.

Principal speakers at the conference will include:

- Sir Kenneth Berrill, Chairman of the Securities and Investments Board
- Mr Rodney Galpin, Executive Director of the Bank of England
- Professor Robert Jack, Professor of Mercantile Law at the University of Glasgow, and Partner in McGrigor Donald & Moncreiffs.
- William Seidman, Chairman of U.S. Federal Deposit Insurance Corporation.

**The David Hume Institute**

**Deloitte Haskins + Sells**

TO: H.L. Smith, Secretary, David Hume Institute, Belwood House, Glencorse, Midlothian EH26 0NL. Tel No: (0968) 77517.

Please send me further information regarding the above conference.

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 Address \_\_\_\_\_  
 Tel No \_\_\_\_\_

### Theatre

#### NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to Broadway music is visually arresting and choreographically fine, but classic only in the sense of a rather staid and overblown idea of theatricality. (230 6262).  
 42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off to Buffalo with the appropriately brash and leggy hoots by a large chorus line. (877 9020).  
 Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).  
 A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (232 6200).  
 La Cage aux Folles (Palace): With some tunes from Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious compilation show by high-kicking and gaudy chorus numbers. (757 2825).  
 I'm Not Rappaport (Booth): In moving to Broadway, Herb Gardner's touching, funny and inspiring play about two older men retains its name. Judd Hirsch and Cleavon Little, who almost conquer the world when they think they are just bickering with each other. (226 2290).  
 Big River (O'Neill): Ron Miller's music recaptures this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (248 0220).

#### CHICAGO

Happy Days (Goodman): The Goodman company celebrates Samuel Beckett's 80th birthday with the playwright's bleak view of the world, interpreted by the Roman-

an-born director, Andrei Belgrader. Ends May 11. (443 3800).

#### LONDON

Lead Me A Tenor (Globe): Fresh and inventive operatic farce by new American author Ken Ludwig set in Cleveland, Ohio in 1934. Dennis Lawson and Jan Francis lead an energetic company in mistaken identity romp, while Verdi's Otello carries on regardless. (437 1532).  
 Rowan Atkinson (Shakespeare): New revue starring rubber-limbed clown with a strong line in satirical and rude sketches, many of them reflecting British classroom tyrannies. (378 3399).  
 Billie Spirit (Vaudeville): Excellent revival of Noel Coward's smart comedy about a novelist harassed by his second wife and haunted by his first. Pinter's Old Times owes a lot to this play, well directed by Peter Farago, acted without undue Victorian reverence by Simon Cadell, Joanna Lumley and the alabaster beautiful Jane Asher. (836 9367).  
 When We Are Married (Whitehall): Matchless comic playing from an all star cast in Priestley's comic war-time house about silver wedding anniversaries underwritten by an inconceivable revelation. Bill Ouse is a drunken Falstaffian photographer and the couples are led by Timothy West and Prunella Scales. The 1930 theatre has been beautifully renovated. (330 7785).  
 Café Puccini (Wyndham's): Puccini compilation show by Robin Ray that deteriorates rapidly from a good idea - writers singing hits back at the maestro customer - to a routine potted biography with trying new lyrics and uneven singing. (836 3028).  
 The Scarsie Pinner (Bar): Masterly Donald Sinden, resplendent plummy-voiced form as Barones Orczy's one-man resistance movement to the French Revolution. Opera director Nicholas Hytner's efficient and sparkling production has smoke, tumblers, rat stew and rolling heads. (930 4425).  
 Interpretations (Queen's): Love among the diplomats, according to Ronald Harwood has a superb role for the matchless Maggie Smith renewing a cross-cultural affair with Edward Fox in the shadow of a summit between The Soviet Union and Britain. Fluent direction by Peter Yates of the West End's best new play of the year. (734 1186).

## THE ARTS

Cinema/Nigel Andrews

## A beginning, but not absolutely right

**Absolute Beginners** directed by  
Julien Temple  
**High Noon** directed by Fred  
Zinnemann

With a series of violent fits and splinters, pop video styles are making it to the big screen. Julien Temple's *Absolute Beginners*, adapted by a team of writers from MacInnes's novel about the rise of the teenage cult in post-war Britain, takes that long-haired form, the movie musical, and tries to jolt some 1960s life into it.

To the blast of music by David Bowie, Sade, Gil Evans and others, and amid a Dayglo-coloured studio-built London that is like a rock Disneyland, we meet such MacInnes stalwarts as street-smart photographer Colin (Colin O'Connell), fashion model girlfriend "Crepe" (Patsy Kensit), gay couturier Henley (James Fox), lesbian ladykiller Big Jill (Eve Pearce), and advertising whizz - person Vendice Partner (David Bowie).

MacInnes's novel runs his characters through a late 50s England of emergent rock, sudden teenage affluence, and a population at last able to throw away its ration books and go out into the boulevards. The novel reads less well than it did 20 years ago; mainly, and perversely, because the styles of music and clothes rhyme so closely with today's that the 50s rock culture and its often merely seem like a paler blueprint for the 80s. There is also, more seriously, a whiff of yesterday's hypocrisy in MacInnes's writing. Though he himself was a bohemian, his first-person namesake narrator has a high old time pillorying gay characters while tending a none-too-convincing romantic flame between hero and heroine.

The film runs foul both of the book's homophobia and of its empty-hearted centre. James Fox, pursuing maiden-sunt lips and playing willowy wrists, and Lionel Blair, camping it up in his leopard-printed office as pop promoter Harry Chalk, are famous stereotypes, unrecognisably played. And the heterosexual electricity between



Lionel Blair, with teenage band in "Absolute Beginners."

Eddie O'Connell and Patsy Kensit would scarcely power a pop-up toaster.

Wise, then, that for much of its 107 minutes the film disregards story and character development altogether and merely charges from one red-hot production number to the next. David Bowie prancing atop a giant typewriter for "That's Motivation"; Ray Davies leaping from room to room in a cross-sectioned doll's house set as he sings the stumpy "Quiet Life"; Sade batting sultry eyelashes amid the disco glow in "Killer Blow"; and the whole screen erupting in flames, noise and crowds for "Riot City".

The film's final transmigration into race-diet apocalypse - as Mosleyite agitators stoke anti-black feeling in a pop version of Nietzsche's "Will to Power" - is as much a joke as the earlier party is splendid; even if for much of the time one forgets what the occasion is, or why and how one arrived there in the first place.

Perhaps in its next Great Leap Forward the movie musical will strip a stronger story and characters to its back, and then more audiences might be willing to take the leap with it.

Audiences are still willing to take a leap into the heretofore unknown with Gary Cooper in *High Noon*. A man's gotta do what a man's gotta do. And in '50s Hollywood a woman's gotta put up with it. The woman in this case is Grace Kelly, looking so beautiful in her wedding-day gown that she could stun a man at 40 paces, without need for six-guns. Only a man of superhuman self-denial could postpone his honeymoon with her for a climatic, and perhaps fatal, shoot-out. But of course Cooper is the Marshal Jim Kane - as such a superheroic self-denial could postpone his honeymoon with her for a climatic, and perhaps fatal, shoot-out. But of course Cooper is the Marshal Jim Kane - as such a superheroic self-denial could postpone his honeymoon with her for a climatic, and perhaps fatal, shoot-out.

A new print struck from the original negative shows there is power still in this 1952 horse opera. Despite his resemblance at times to a stick of granite suffering from constipation, Cooper sends you out of the cinema - as all great stars do - with your head a-buzz with his manner and mannerisms: his special line in heroic self-torture. That rock-hard face with strange fies blowing across

Both require you to be on your toes, to be able to climb up walls or to live in a zero-gravity world where lesser mortals cannot join you.

It was for a dancing role that Cagney won his only Oscar, as George M. Cohan in *1936 Doodle Boy*. For that and for his high-dying gangsters-in-Public Enemy, *Angels With Dirty Faces*, *The Roaring Twenties* - he will be remembered. But I suspect that Cagney's greatest contribution to Hollywood, and to showing that the movie world can be a place of grace, dignity and even a kind of genius, was his willingness to shut up like a clam in front of interviewers. His work was his statement. Only bad actors and falling stars need to stream on their charisma with a stream of gabble. In *MovieLand*, the worst are full of passionate intensity, while the best get on with it and do what a star's gotta do.

Another sad note must be recorded this week. London's Academy cinema closes after a long history of introducing outstanding rare or foreign films to British audiences. No more will the bamboo decor welcome you, nor will voluminous lady pianists pound out accompaniments to Buster Keaton. Nor, even more sadly, will hitherto unheard-of masterpieces from Greece or Spain or Romania make vital converts among us to the power of far-fung filmmaking.

Lastly, *Last Night At The Alamo*, whose press show I was prevented from reaching by vagaries of public transport, I glimpsed and enjoyed 20 minutes of this downbeat comedy of small-town Texas life in a between-screenings scamper at the Berlin Film Festival two years ago. I shall see and review the remaining 60 minutes next week.

Nigel Andrews has been named "Critic of the Year" in the British Press Awards for 1985. The judges commended him for "making his points from the film under consideration without seeking to use abstract parallels with other films that few have seen."

## II Candelaio/The Pit

Martin Hoyle

On the evening that London Zoo had an Open Night in the Snake Pit, the Royal Shakespeare Company presented *Giordano Bruno's Candelaio* in its own nocturnal arena. The entertainment was probably equal, but I suspect the reptiles were prettier.

Seventy-five scenes have been trimmed, pruned and condensed. The sour 1582 comedy jugs through 105 interval-less minutes, despite such interpolations as a speech on badway for the procreant and a comic suicide attempt (the rope breaks, pistols emit sooty discharge), not in the original. The result is a robust knockabout, is not too far removed from an early Tudor interlude - though the play actually pre-dates Bruno's sojourn in England where he knew Philip Sidney and the ancestor (to maintain the intellectual name) of the owner of the theatre where *The Mousetrap* is playing, and where he put a character called Smith into one of his philosophical dialogues. The trouble is, this skinned,

altered and enervated version, directed by Clifford Williams and Paul Marcus in an adaptation by Frank Dotterell, bears no more resemblance to the genre of "learned comedy" than *Soliloquy* does to *The Tempest*. Our nearest equivalent to Bruno's satiric, misanthropic satire is Ben Jonson. This production constantly reminds us of Gomer Gurdon's Needle; it should look forward to Volpone.

Problems include the rambling anecdotal dialogue clogging the slender thread of plot, and the apparent general lack of motivation, apart from the joy-of-coining or the craftiness of lust and greed. This picaresque procession of grotesques evokes no name irresistibly; today Bruno would be filming his rogues' gallery with his compatriot, Fellini. Performed by students, this production would be respectfully received as the hint of a classical more read than acted. Bruce Alexander works with desperate energy as he lusts and convives. Ian Talbot's

pedantic pedagogue (born of the part's pedantic implications), a first cousin to Volpone in *Love's Labour's Lost*, assumes a welcome touch of Frankie Howard when recounting his innocent digression in a brothel, and makes the interminable Latin passages funny.

Mel Martin doubles as the tart and wife who takes her place to catch her husband out (shades of *Figure*), making a positive figure as the naive lisper, and finally sumptuous in the off-the-peg imitation of Hugo Jones original. Oliver Ford Davies (magician) and Donald Sumpter (the slightly sinister manipulator who wins out) also inhabit Lisa Costa's seedy, sunbaked Italian street. The diminutive Anthony O'Donnell swaggers with hilarious ferocity in voluminous cloak and beard; but only David Bradley's beautifully received as the hint of a classical more read than acted. Bruce Alexander works with desperate energy as he lusts and convives. Ian Talbot's



Bruce Alexander and Tina Marlatz in "II Candelaio."

## People Show No 91/Almeida

Michael Coveney

In front of a red plush curtain, a casually indifferent MC papers a half-hunched, blacked-up dancer to a lull, welcomes us to the new show (the ninety-first since the People Show was founded 20 years ago). The curtain parts and Icarus is released from prison; daylight calls him like a soft fried egg. The romance of Icarus and his girlfriend is the pretext for a surreal and unnerving scenario of jazz, murder, lust, aggressive banter and pursuit.

The action breaks out over an astonishing motor-powered revolving set which contains such various locations as the Falkland Arms, where Icarus wins his lucky traffic and meets a Flanagan and Allen duo

whose crunching crisps become the audible tramp of soldiers' boots; an illuminated fair-ground ride after a day at Kempton Park; the cliffs and seashore; a seedy Brighton hotel in which Icarus is humiliated by the staff and sent to his room by an armed commissionaire.

Icarus played by the resolutely enigmatic Chahine Yavroyan, is partnered by the husky-voiced Collette Walker as the girl who goes away, but not quite far enough. She is a girl for all seasons, singing "Blue Moon" in the pub, "Stormy Weather" on the seashore (before Icarus achieves Arthurian apotheosis by duelling a swart, in a grave-stone) and "Summertime" in

a snow blizzard. The MC had warned us the show was full of weather - whether to leave, whether to stay...

Mark Long is our host, never above cracking a bad joke. This is what marks the People Show out from its performance art rival, a production for the vulgar, the recognisable in life and culture.

The departure of Emil Wolk has caused a weakening in the company's dynamic. New recruit Jeremy Swift is more actorish than visceral, but he is a versatile musician. George Khan, bald and beaust as ever, is on hand with his battery of saxophones. In one memorable riff threatening to emulate the multiple horn blowing antics of the late Roland Kirk.

## Sir Peter Pears is dead

Sir Peter Pearce CBE died yesterday, aged 75, at the home in Aldeburgh he had shared for over 30 years with the late Benjamin Britten, the composer. It is doubtful whether any British male singer has had so long, versatile and influential a career.

He was born in 1910 at Farnham, won a scholarship to the Royal College of Music in London, sang in the BBC choir, the New English Singers and, in 1938, the Glyndebourne chorus. Intelligent musician and theatrical flair enabled

Pears to be convincing in Britten characterisations like Peter Grimes and Albert Herring, which one might have thought outside his natural scope. Definitely within his range were the sinister Quin in *The Turn of the Screw*, Captain Vere in *Billy Budd* and Aschenbach in *Death in Venice*. He excelled in the principal tenor roles of Mozart, and in subtle comedy-Yasek in *The Boorish Bride*, Pandarus in *Walton's Troilus*.

Sir Peter's protean concert work, not only in recitals with

Britten and other eminent partners but in specially written works by Tippett and Henze made him a well-known, widely respected figure in Europe and further afield. He was a founder member of the English Opera Group, an active director of the Aldeburgh Festival and a pillar of the Britten Society at nearby Snape, leaving his mark on the succeeding generation of English singers. His numerous gramophone records will perpetuate his individual peculiarities of timbre and diction and his acutely musical style.

## Sponsorship/Antony Thorncroft

## Rocking to the Bank

Well done Tom Hood Senior High School in Leytonstone East London, winners of this year's TSB Rock School Competition. TSB has moved in a few years from a dull northern bank to a national concern. Its drive towards a public quotation may have suffered a legal setback but it has certainly succeeded in getting its name across, notably to the young. Last year nearly a third of the 400,000 school leavers who opened a banking account went to TSB, nearly double the market share of the second-placed bank. The average balance may only be around £200, but time should better that.

It costs a lot to involve these potential customers - around £2.5m in promotional activity alone. Its publication TSBrock, which mixes pop stories with financial soft sell, prints a million copies twice a year for free distribution through branches. TSB offers new account holders discounts on records and cassettes, Debenhams and Just-In. And it issues 128-page paperback listing 20,000 holiday jobs.

It carries the company name; it has longevity; it is unique to TSB; and it is a natural for television coverage.

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**New artistic director for Bristol Old Vic**  
Leon Rubin, at present artistic director of the Palace Theatre, Ward, has been appointed artistic director of the Bristol Old Vic.

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The undersigned, acting as duly authorized Agent of Carneth Administration Company N.V., announces that at the shareholders' meeting held on the 27th February, 1986 it was decided to pay a final dividend of Yen 4 per share for the fiscal year ending 30th November, 1985.

This dividend will be payable, less 20% Japanese tax, as from the 7th April, 1986, on the coupon no. 36 of the CDRs.

Payment will be made at the under-mentioned offices as follows:

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Friday April 4 1986

# Tutu's call for sanctions

BISHOP Desmond Tutu of Johannesburg has posed a dilemma for the opponents of apartheid outside South Africa with his public call for punitive sanctions against the Pretoria Government.

If they ignore him, they run the risk of letting President P. W. Botha and his men jump to the conclusion that the outside world is not serious in its opposition to apartheid. If they take him literally, they may stir up an already unstable situation in South Africa without furthering their cause. They would also be unlikely to get together concerted and effective action.

Great political skills will be needed to navigate between these twin dangers. The dangers of failure are obvious: more strife with no guarantee that the end result will be the replacement of apartheid, or at any rate its replacement by a more acceptable system.

The Anglican bishop's call for radical sanctions has to be judged against both long term trends in South Africa and more recent events. Over the long term, white supremacy has been whittled away as an increasing number of blacks entered the industrial economy. Their importance has been growing steadily both as producers and as consumers. Without their contribution South Africa could not hope to keep on a long term growth path.

## Economic role

Under the impression of the growing economic role of blacks the Nationalist government has chipped away at some of the more obvious irritants of apartheid, without however abandoning the basic structure.

Of late that process has been speeded up by pressures building up both within the Republic and outside. Within, violence in the black townships was stoked up by the unemployment accompanying economic recession. From outside, the refusal of international bankers to go on lending to South Africa greatly increased the heat.

The banks had some prudent reason for refusing more

money, but South Africa still looks a very much better risk than many other borrowers on the world scene. What did cause bankers to turn off the tap was something very different: the increasing restiveness of shareholders and depositors in the US. It was their refusal to acquiesce in further lending to South Africa that helped to make up the bankers' minds.

## Outside pressure

Their decision helps to explain the difference in tone and contents between President Botha's speech last August, when he disappointed all those who had hoped for a programme of reform, and that in January of this year which promised constructive, if limited, change.

But it is essential that outside pressure must be kept upon him and the white supremacy system. He, personally, may be convinced, however reluctantly, of the need for reform. Punitive sanctions that his white electorate should be kept aware of the enmity that apartheid has aroused in the outside world.

Doing so does not require full scale "punitive" sanctions.

Whatever that means in detail, radical sanctions would remove all hope of economic progress in South Africa which has provided the base upon which the blacks have been able to increase their role in society, however slowly. Punitive sanctions would also drive many whites into the laager mentality. The beleaguered do not usually act reasonably.

The entire question of sanctions has been studied by the group of eminent persons appointed by the last Commonwealth conference in London last June. The idea of their mission was born of the need to smooth over the differences between the desire for all-out sanctions of many members of the Commonwealth and the British position of imposing a minimum. It would greatly help if the report, when it comes, were to advise a middle way, maintaining steady pressure without going the whole hog of punitive sanctions.

# Why industry matters

LAST YEAR a House of Lords select committee chaired by Lord Aldington created quite a stir by suggesting that, unless something is done quickly to improve the performance of manufacturing industry, Britain will face a bleak future as oil revenues decline. The report did not please the government because it seemed to show little respect for market-oriented economic policies; indeed in some circles it is regarded as a prime example of the sort of "do it yourself" economics that Professor David Henderson, this year's Reith lecturer, recently railed against. The Chancellor went out of his way in his Budget speech to pour scorn on its analysis, saying that most of the alarm is misplaced.

Lord Aldington will doubtless be gratified that another DIY economist of some stature has surfaced. In his Richard Dimbleby lecture delivered yesterday, Sir John May, the chairman of ICI, produced a strikingly similar appraisal of the weaknesses of British industry, similar grim forebodings of what may happen if attitudes do not change and similar policy recommendations. Thus Sir John maintains that industry (by which he means manufacturing) is of "vital importance to every man, woman and child and that, in the UK, it is fast becoming an "endangered species". He does not share the view put forcefully by Sir Alan Walters, Mrs Thatcher's former economic adviser, that Britain is enjoying an "economic renaissance".

## Social aspirations

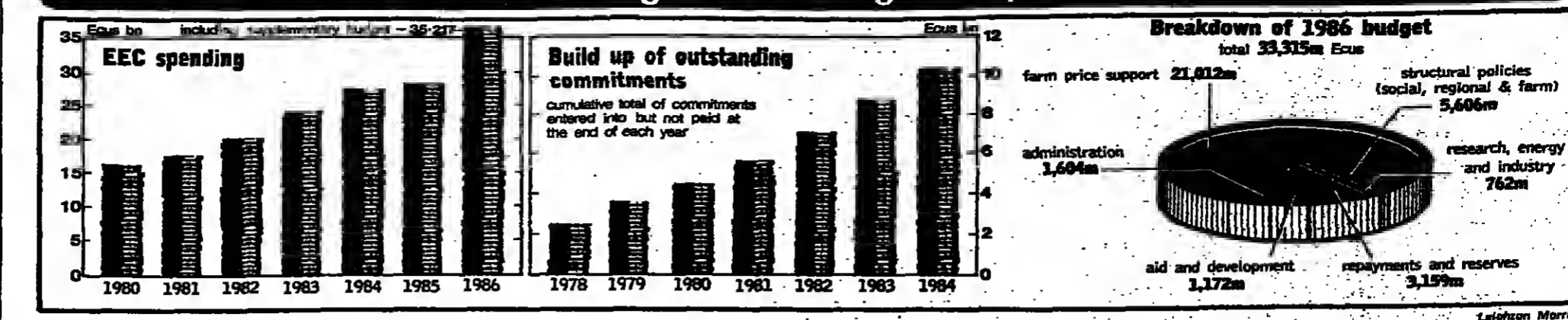
All this is confusing for the Man on the Clapham Omnibus. How can a large number of respected industrialists and a school of equally respected economists appear to disagree so profoundly both about the condition and prospects of the economy and about the path to a better future? The Chancellor, after all, is quite relaxed about the UK's long-term future; his line is that all economic activity matters and that no special emphasis should be laid on the manufacture of tangible goods. He argues that as outputs out, other tradable goods and services will automatically expand to plug the gap in the balance of payments.

So long as the exchange rate is allowed to adjust, the belief in "automatic adjustment" is justified, but only in a trivial sense. What matters, of course, is not whether the balance of payments balances (as it must) but at what level of output and employment it balances. If manufacturing industry con-

## Dismal image

The worry about manufacturing has little to do with the young and talented. This is not just a matter of pay but also of image: manufacturing must become something that cultivated intellectuals want to do. The dismal image of dirty factories conjured up by a painter such as Lowry has to be exorcised and replaced with something bright and clean. Few are likely to take issue with Sir John's "artist's case" for industry. But eyebrows may be raised at what he failed to say in his lecture. It is odd to say, for example, that the chairman of ICI ignored almost all of the Government's economic preoccupations. Don't consult the Dimbleby lecture if you want, for example, to learn how to liberalise markets or make wages more flexible.

## EEC budget - the background picture



# The crisis that never went away

By Quentin Peel in Brussels

ON JANUARY 1, 1986, the member states of the European Community raised the level of subscriptions to their club.

Barely four weeks later, they got the first inkling that it might not be enough to pay for the soaring running costs of the organisation.

Today, just three months later, they know: the EEC budget crisis is back with a vengeance. It should by now have been at least temporarily resolved, but in fact it never really went away.

If the stark figures spelt out by Mr Henning Christophersen, the Budget Commissioner in Brussels, prove anywhere near the mark, then spending cuts will almost certainly have to be ordered before the end of the year. They will have to come from community programmes such as social and regional spending on youth training and job creation or from industrial research programmes, quiet

apart from seeking to restrain the real culprit, the Common Agricultural Policy.

The figures also suggest that the much vaunted system of budgetary discipline agreed by EEC finance ministers in 1984 to restrain the growth of community spending, and particularly, to keep the growth in agricultural spending below the overall growth in EEC revenues, is proving all too easy to breach.

In essence, Mr Christophersen listed at least Ecu 2.9bn (£1.9bn) in extra spending likely to be required — against only Ecu 2.5bn left within the ceiling on budget contributions legally available from the member states. This week he disclosed that the shortfall in cash for the structural fund alone — mainly the social and regional funds — now totals Ecu 1.199bn (£740m) for the current year.

While Mr Christophersen was warning EEC finance ministers last month of the approaching danger, the British Government was asking the European Court in Luxembourg for an injunction to withhold some £70m in budget contributions this year. It argued that the spending approved by the European Parliament was illegal, to the tune of some Ecu629m (\$409m) in the Ecu3.35bn budget.

But in Brussels, the finance ministers were debating where

to fix the ceiling on 1987 spending in line with "budgetary discipline" — in spite of the fact that their 1986 ceiling is already badly punctured and will eventually be blown wide open.

On the face of it, the European Community and its institutions, like the European Commission and the Parliament, would seem to be hopelessly spendthrift, restrained only by the valiant efforts of the 12 member states. The truth, inevitably, is rather different.

For a start, the Community is no more than the sum of its 12 members, and its budget is a direct consequence of their policies. The Commission is merely the bureaucracy which tries to put their policies into effect (although it can make a few suggestions). The European Parliament is a sop to democratic control which, in reality, can add only a small amount of extra spending at the margin; it cannot tamper with the vast bulk of the budget, and above all with the farm spending.

The budget crisis is the product of years of botched promises in the Council of Ministers, the decision-making body of the member states, and of a failure to co-ordinate the policies of the different national departments involved.

The council perpetuates the legal myth that it is somehow united and indivisible. In reality, it is a machine of ill-fitting cogs, often working in competition rather than co-ordination.

The unhappy consequence is the annual budget — invariably agreed through the night by junior treasury ministers who have been known to make wild and foolish compromises in the early hours in the faint hope of getting to bed.

This already flawed system has had to contend with the persistent strain on total cash resources of recent years. Now the budget has become the main arena of policy debate over the future of the community as a whole.

On the one hand the EEC must answer the question of how to distribute the year's Common Agricultural Policy, so support for farm prices does not absorb two-thirds or more of available money. On the other, it is a matter of deciding what the priorities are for the community and should afford

In the corridor outside the finance ministers' meeting last month, a senior diplomat was heard to bellow: "Why do we have to conduct these interminable budget debates? Why can we not discuss the future of the community instead?" To which a senior commissioner replied: "Because it is the future of the community."

The seeds of the present budget crisis lie several years back as the community gradually approached the ceiling on its income available from the member states. At that time it was fixed at the so-called 1 per cent value added tax ceiling (a theoretical formula involving 1 per cent of the volume of retail sales in each member

**'The Council of Ministers perpetuates the legal myth that it is somehow united and indivisible. In reality it is a machine of ill-fitting cogs.'**

state of a common basket of goods and services).

To eke out the cash, the budget ministers learned tricks for postponing spending from one year to the next; of building up long-term commitments but cutting back on immediate payments; and finally, in 1984, of agreeing on a one-off "reimbursable advance" of money from the member states to fill the gap.

By January 1, 1986 when the VAT ceiling was raised from 1.0 to 1.4 per cent, they were, in effect, spending at almost the new level. It was a change which the increased resources would be exhausted all too quickly.

The immediate problem has three main elements. The biggest is, inevitably, the increased cost of farm spending. The big unknown in that process is what effect such a huge disposal programme — of 270,000 tonnes of butter and 200,000 tonnes of beef — would have on world market prices for normal EEC supplies.

The net consequence is that agriculture alone will probably

steak up in the order of Ecu 1.5bn from a supplementary budget — assuming the farm ministers accept the rest of the package.

The second element in the overspending is at least Ecu 800m to pay for what has been christened the "burden of the past." That burden is the huge backlog of unpaid commitments on social and regional fund projects — a backlog now so large that it may force cuts in new spending schemes.

The build-up is a consequence of an unhappy compromise between the budget ministers and the European Parliament in recent years: they have agreed to cut back current spending on these projects only if extra long-term commitments are written into the budget. But those commitments have a current cost. A down-payment has to be made of up to 50 per cent in the case of Social Fund projects, and rather less for the Regional Fund.

Now, the commission is months behind in paying off bills for past projects and also short of cash for down payments on new schemes, to the tune of the Ecu 1.169bn, it says.

The Council of Ministers may well be asked either to reduce the fixed level of down payments for Social Fund projects, or to cut back the scale of new commitments already written into the 1986 budget, directly hitting those concerned in the depressed regions of the community.

The third element in the supplementary budget could prove the most embarrassing for Britain: it is at least about Ecu 600m to pay for an increase in the shape of extra export subsidies to sell EEC farm products totalling some Ecu 750m. If the dollar averages less — like the Ecu 1.03 to which it fell last month — the extra cost would double to about Ecu 1.5bn.

The other huge cost is that of disposing of some of the food mountains. Mr Andriessen is looking for some Ecu 1.156bn (£790m) just to get rid of old beef and butter stocks, the big unknown in that process is what effect such a huge disposal programme — of 270,000 tonnes of butter and 200,000 tonnes of beef — would have on world market prices for normal EEC supplies.

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for the second half of 1986 which actually has to sort out the whole mess — the extra spending needed for 1986, somewhat keeping the 1987 budget within the VAT ceiling as well, and also pushing through the ever more urgent reforms of the CAP in the face of a much more hostile French government.

It is a problem which will aggravate all the traditional political divisions in the community. Already, the northern states, determined to keep EEC spending under strict control, have made it clear there is no question of any increase in the VAT ceiling before 1988 at the earliest — if not, Mr Gerhard Stoltenberg, the West German Finance Minister, has flatly stated that any new policies which would cost more money are out of the question.

Yet the area which looks most likely to be hit — social and regional spending — is just the one which the poorer member states in the Mediterranean (and Ireland) demand as a quid pro quo for relaxing their national barriers to a genuine Common Market. If the north wants a Common market by 1992, it will have to be paid for.

Ways out of the maze are none too obvious. Clearly the community needs much more co-ordination in the Council of Ministers, and for greater emphasis on long-range budget planning. The former is partly up to the nation in the chair. The latter is in the pipeline, with Mr Christophersen, this week, persuading his colleagues to accept a four-year plan.

As for sources of more cash, one idea of a new energy tax, floated very tentatively by commission president Jacques Delors recently, ran into a brick wall from the Twelve. The other, being explored in desperation as much as hope, is the greater use of community borrowing — among other things to finance the restocking programme.

Mrs Thatcher, Sir Geoffrey Howe, the Foreign Secretary, and Mr Nigel Lawson, the Chancellor of the Exchequer, face a very real challenge to their chairmanship when the budget crisis matures just in time for the British presidency. If it were not so serious, many in Brussels would enjoy the prospect.

## Chairmen on call

After rows over unfair advertisements, poison pill defences and general takeover skulduggery, come a new bid tactic which, for the moment at least, seems refreshingly free of controversy: the recorded telephone message from the chairman.

Advertisements, appearing in national newspapers this week, have invited shareholders in Imperial Group to ring a certain number and hear Geoffrey Kent, the company's chairman, and Sir Hector Laing, who heads United Biscuits, explain in a recorded message why investors should support the proposed merger between the two firms. While, on another number, Lord Hanson, chairman of Hanson Trust, can be heard asking shareholders, with brisk courtesy, to back his rival bid for Imperial.

It is thought to be the first time this means of putting a message across to small shareholders has been tried in a takeover — at least in recent years. For the initiative goes, to Hanson Trust, which placed advertisements in two newspapers last Sunday. It says that by midnight on Tuesday those advertisement alone



"I'm not allowed to accept takeover bids unless they're in a wire basket and with a banker's card"

## Men and Matters

had produced 2,500 calls. Imperial had been planning to mail an audio tape to its shareholders but quickly changed the telephone when Hanson began its service. "It's cheaper, less fiddly than a tape, which requires the shareholder to have playing equipment and it's a bit more exciting for the caller," said Imperial. It added that yesterday alone it received 5,700 calls, though one or two shareholders were upset that they only heard Mr Kent's recorded voice and had not spoken to him in person.

Investors who ring Lord Hanson have to pay for the call. But as from yesterday, Imperial has introduced a "freefone" service. "We think it right that this should be at the company's expense," said an Imperial spokesman. "Free advice is poor advice," countered the Hanson camp sourly. Could it be the makings of a controversy?

Marxism is noticeably absent. And this is where the paranoia creeps in. "The capitalist class," the "bankers" argue, "fully understand and appreciate the role of the journal and, therefore, do everything in their power to assist and promote it."

The evidence for this conspiracy? "Thus we find groups of journalists from the Guardian and the FT writing articles for Marxism Today."

## Model banker

Credit Suisse First Boston believes in giving youth a crack at the helm. The bank's new senior economist is to be Giles Keating, aged 30, who has been wooed away from the London Business School.

John Hennessy, chairman and chief executive officer of CSFB, says he regards Keating "as one of the UK academic community's most highly-regarded economic commentators."

Certainly Keating has already packed into his short career rather more than some economists manage in their lifetimes.

After Westminster School and St Catherine's College, Oxford, he worked for the Confederation of British Industry on its industrial trends survey and economic forecasts.

When he moved to the London Business School as a research fellow at the school's centre for economic forecasting he managed to squeeze in, as well, an MSc course at the London School of Economics. "I did a lot of jumping on and off the tube trains to fit it all in," he says.

He also found time to write two books. At the LBS Keating was been developing his own economic model to assist his specialisation.

tion of financial forecasting, and the study of new forms of funds.

His interest in measuring the UK's expected performance against the rest of the world should come in handy at CSFB while oil prices continue to gyrate.

## Flower power

Japan is under a lot of pressure these days to spend more on itself and stimulate its domestic economy. As a result, it should be no surprise that Japanese companies are turning to UK groups for advice on how to live more elegantly.

Saijo Corporation, part of the large Selbu retailing group, has, for example, sought the aid of the Royal Horticultural Society for ways to beautify its housing projects and landscaping projects. Following a recent visit to Japan by Christopher Brickell, director general of the RHS, the two groups have joined hands in a board-ranging gardening venture.

The two plan to work together to develop a nature park in Akagi, about one and a half hours drive from Tokyo, in addition to other projects. One of the flowers to be planted there will be Exbury azalea, a plant which was bred in England from a Japanese strain of azalea. With cross-fertilisation like this, who knows what may be next?

## Big deal

Anxious observers of the US motor trade's thumping deficit with Japan can take comfort from a press release winging to my desk all the way from Toyota's Tokyo office.

In a move clearly designed to dampen the fire of protectionism, Toyota says that as part of its "energetic promotion of imports" it has taken part in a major US trade show. Fundamental decisions have followed.

So lucky Japanese customers will now be able to go into any Toyota showroom and buy American-made car polish and floor mats.

Observer

## CHRISTIE'S IN THE CITY Wine Auction

Following the successful relaunch in 1985 of our City wine auctions, Christie's are now holding another wine sale at the Institute of Chartered Accountants on Tuesday 8th April 1986 at 12.30 p.m.

The sale will include good Claret, Burgundy, everyday drinking wines, vintage and non vintage port and cigars. Two further 1986 sales are planned: Tuesday 1 July and Monday 3 November

Wine or articles for any Christie's sale may be consigned via our office in the heart of the City of London, offering those working there convenient access to the International Art Market. For catalogues or any further details of our evening seminars, please contact Simon Birch or Peter Arbuthnot.

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# FINANCIAL TIMES

Friday April 4 1986

**BELL'S**  
SCOTCH WHISKY  
**BELL'S**

Laura Raun explains why the Netherlands' popular Prime Minister is set for re-election

## Lubbers is favourite for Dutch poll

THE DUTCH general elections on May 21 will be a referendum on the historic duo in 1982 that took the Netherlands down the painful path of less government and more private initiative. The clearest winner is likely to be Mr Ruud Lubbers, the popular Christian Democratic Prime Minister who has steered the treacherous course of retrenchment with hardly a scar.

The Socialists may have erred in choosing Mr Den Uyl, 67, to lead them into elections for the sixth time instead of Mr Wim Kok, the up-and-coming labour leader and former union federation chief who has soared in popularity.

Given the choice between the dynamic Mr Lubbers and the didactic Mr Den Uyl, voters are thought likely to back the current Prime Minister.

Mr Lubbers' Government swept into power in 1982 on a three-tier platform of fostering economic prosperity through curbing the bloated public sector; slashing the budget deficit; and battling persistently high unemployment. The emphasis shifted away from how to share wealth and focused on how to create it.

Notable success has been achieved. Government spending as a proportion of gross domestic product (GDP) has fallen for the first time in memory. The budget deficit as a percentage of net national income has shrunk to about 7% per cent from nearly 11 per cent. And the unemployment rate has slowly been pushed down to about 15 per cent from 18 per cent.

A general consensus has evolved that some form of austerity must continue following the rampant government spending of the 1970s when the public sector swelled to two thirds of GDP, one of the highest levels in the world.

Even the opposition Labour Party concedes the need for improving public finances, which explains why the Dutch financial markets have remained calmer than many others would before a general election.

The big question, however, is at what pace retrenchment should continue. The issue has been compounded by the looming problem of drastically falling state income from natural gas, the price of which has plummeted along with crude oil and the dollar. Gas revenue accounts for about 13 per cent of all Government income and the budget deficit could widen by 1 percentage point next year if no offsetting measures are taken.

The Cabinet is now drawing up the broad outlines of the 1987 budget and Mr Lubbers is calling for some £1.9bn (\$3.4bn) of savings through reductions in Government expenditure and tax increases for businesses and individuals. Ministry budgets would come under the knife again while companies would lose some tax subsidies and individuals would pay higher excise taxes on petrol.

The Liberals, undoubtedly with an eye on the polls, want no corporate or individual tax increases and propose to stretch out the necessary budget savings over several years so next year's reductions can be limited. The Liberals have long urged cuts in the Netherlands' high taxes, a position that would almost guarantee an electoral boost for a political party in any other country.

But even that may not help the Liberals because the Dutch electorate is so accustomed to heavy taxes and social security premiums as the price for a lavish welfare system, that they fear lower welfare benefits more than higher taxes.

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LEADING DUTCH PARTIES			
	1982 general election seats	% vote	1986 local elections % vote
Christian Democrats	45	32.2	31.2
Liberals	37	22.6	18.8
Labour	46	25	32

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the Government predicts. But with unemployment still at 15 per cent, the Labour Party is hitting hard at the coalition's failure to further reduce the number of jobless. All sides are paying lip service to the unemployment issue but in reality unemployment rarely hits a raw nerve because of the generous level of unemployment benefits.

The underlying trend of public opinion polls offers good grounds for optimism among the Christian Democrats, who have participated in every administration since the Second World War. They have rebounded strongly from their mid-term nadir and would now probably win one third of the 1987 parliament.

The Liberals have suffered sizeable losses in electoral support since they gained a record number of parliamentary seats in 1983 on the youthful appeal of Mr Ed Nijpels, their party leader. But Mr Nijpels' enthusiasm has suffered from inexperience and the most recent opinion polls show the Liberals losing 10 seats, leaving them with 28.

The Socialists, not surprisingly, have strengthened their grip while in opposition and achieved an opinion poll peak of 63 seats last year compared with their actual 47. But the Socialists have watched their big mid-term gains dwindle to a modest seven seats as the party has dwelled on ideological issues that voters care little about, such as US cruise missiles and nuclear energy.

It is the Labour Party's stubborn opposition to nuclear cruise missiles that seems to block any coalition with the Christian Democrats. Deployment of the 48 missiles already has been approved by the Cabinet and the Parliament but the Socialists are still threatening to renounce on the US treaty providing for deployment if they enter power.

It seems now that the only chance for a centre-left government is if the Labour Party drops its threat. And that appears unlikely.

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New fears on airport security, Page 2

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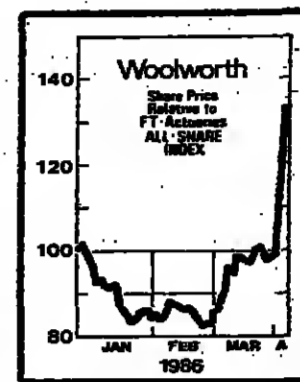
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THE LEX COLUMN

## High noon for Woolworth



Among consortium bids, the reconstruction of Woolworth must rank among the most remarkable market successes. If the members of the Paternoster group had been told at the outset that they would be offered 10 times their initial investment only three years down the road, they would not have believed it.

Now that it has happened, in the shape of Dixons' £1.1bn bid for Woolworth Holdings, they will have the devil's own job deciding whether to accept.

Woolworth's share price has been looking for a bid for several weeks past. Indeed, those fortunate investors who only came in for the bid would nearly have doubled their money over the last month.

But the Dixons shares have been unstoppable since they started rolling in the course of Dixons' highly successful bid for Currys. Dixons is one of the very few retailing companies of a size and on a high enough rating to be able to make this offer without courting any noticeable dilution.

More strikingly, Dixons' stock stands so high with the City at present that the prospect of doubling the issued capital served only to put 50p on the share price yesterday. That naturally levered up the value of the offer: Woolworth shares at one time almost breached 900p, before closing a mere 227p higher at 860p.

In short, the market is more than somewhat excited by the Dixons offer, but sees the chance of squeezing a little more before it hands over 8m sq ft of the retail shopping space for making over into a series of home, leisure and entertainment stores - on a pattern that has yet to be disclosed in even the sketchy detail of last year's wonder-concept, the Galleria.

Valuation of convertibles is a matter of opinion, but since the Dixons convertible was presumed to stand at par when the underlying shares were 370p on Wednesday evening, it would clearly attract a decent premium when the shares have moved up to 420p.

In any case, the offer cannot now be worth much less than 820p. To close the gap may not require all that much sweetening of the terms.

The Woolworth defence is bound to talk about the record, which from an admittedly minimal starting point can show compound growth at a rate that makes Dixons look almost pedestrian. Yet the present management is vulnerably between chairmen and has made no more

than a start at making money in the old Woolies chain. It will give the Dixons camp no trouble at all to make hay with the favourable changes in accounting policy that featured in Woolworth's recent preliminary statement.

If the two groups are valued on their record at generating consistent growth from retailing, it is no contest; both are on implausibly high multiples, but the Dixons rating carries more conviction with the retailing experts. If either management could reap half-way sensible margins from the Woolworth turnover, there is enormous potential.

Shareholders are now being asked to decide which has the greater chance of success. Institutions that gave backing to a seven-year experiment in 1982 will feel peculiarly torn.

Reckitt & Colman

Yesterday's response to Reckitt & Colman's preliminary figures said more about the tightness of the London equity market than about Reckitt's success in selling laundry cleaners at a profit. The figures themselves were fractionally ahead of expectations - profits were up 18 per cent to £123.6m pre-tax - but a couple of million in extra profits could scarcely have accounted for the addition of almost £100m to the group's capitalisation. The share price closed at the best of the day up 84p to 900p.

Not that there was much to quibble with in the Reckitt statement. The "Airwick" acquisition has washed its face sooner than could have been expected a year ago and with loss elimination still to be completed in Europe, could double its trading contribution to about £22m in 1986. Detergent use of Airwick's tax liabilities, has helped cut the group's charge by almost six points to 37.4 per cent, leaving earnings per share up by almost 30 per cent.

Reckitt is still wheeling out new products by the dozen - Magic Mushroom air freshener looks a sure winner in the US - and with a little help from the foreign exchange markets, the group might make nearly £150m this year. That would leave the shares on a multiple of almost 15 which, in today's market, is scarcely extravagant.

Volume growth in the core Bur-

ton Group

Acquisition accounting has a habit of obscuring the true performance of a new subsidiary and yesterday Burton Group was disinclined to shed much light on the matter.

Even the trading profits of Debenhams were kept a closely guarded secret so there was no chance of establishing what balance sheet provisions, if any, had been clawed back through the revenue account and what the cost reductions charged against the acquisition had provided by way of incremental profit.

But yesterday that scarcely seemed to matter. The interim statement was fully supported by the customary Burton razzle-dazzle and the management must have been a little disappointed to see the share price unchanged at 348p on a day which saw the stores sector rise by almost 4 per cent.

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## British Gas to raise its prices by 1.8%

BY MAX WILKINSON AND DOMINIC LAWSON IN LONDON

BRITISH GAS is set to announce price rises of about 1.8 per cent for domestic UK consumers later this month.

A final decision is expected to be taken by the board the week after next. It is already clear, however, that British Gas has successfully resisted demands by some "hawks" in the British Treasury for a much larger increase to fatten up the state-owned group in readiness for sale to the private sector in the autumn.

The Treasury has maintained that gas is underpriced in the UK in relation to the long-term marginal cost of North Sea supplies and in comparison with electricity tariffs. It would have liked prices to rise at close to the rate of inflation, or about 4 to 5 per cent.

Officials laying plans for the sale of the corporation would have welcomed such a rise because it would have increased potential profits. A higher base level of prices would have been established for the formula which will determine domestic prices after privatisation.

British Gas, however, has sought to keep price rises to a minimum, in order to help its public image and to

maintain its increased share of the UK energy market. At one stage in the recent negotiations it was arguing for no increase at all this year.

The Government has agreed to a compromise which represents an average increase of just less than 2 per cent. This is thought to include standing charges which are likely to be cut in order to reduce the impact on low consumers and to reflect improved efficiency.

This will be the first increase since February 1985, so British Gas will be able to claim that on an annual basis the rise is only about 1.1% per cent.

Even this increase is likely to be condemned by some consumer interests because of the rapid slide in oil prices. Prices paid by British Gas for its supplies from the North Sea are generally linked to the price of oil through complicated "escalation clauses".

Partly for this reason the corporation has been forced to cut the price of supplies to those industrial customers which have the ability to switch to oil. Many of these gas users with "interruptible" contracts have negotiated price reductions of about 15 per cent.

## Texas group files for Chapter 11

HALL Financial Group, the biggest private real estate syndication company in the US, has filed for protection under Chapter 11 bankruptcy laws on behalf of Hall-Texas Associates, one of its 240 limited investment partnerships. Mary Frings writes from Dallas.

In a move similar to that made by Balcor, the real estate syndication subsidiary of American Express which recently allowed a Houston apartment complex to fall into foreclosure rather than continue to fund cashflow deficits, 35-year-old Mr Craig Hall has split his real estate holdings into a large number of

investment packages, and taken on limited partners who thereby gain tax advantages.

Putting property partnerships into bankruptcy was almost unheard of until Daseke of Stamford, Connecticut filed for Chapter 11 in Houston a few months ago. More such actions can be expected in the oil-dependent Sunbelt states as a result of rising unemployment and dwindling population inflow.

Property analysts blame the glut of apartments on the market partly on the tax laws, but mainly on profligate lending by the newly deregulated thrift industry.

## Italy and Egypt blame each other for TWA security lapse

BY OUR FOREIGN STAFF

ITALY and Egypt yesterday accused each other of being responsible for the failure in security measures which led to the explosion in a TWA airliner over Greece and the death of four of its passengers on Wednesday.

Mr Oscar Scalfaro, the Italian Interior Minister, said that a known terrorist suspect boarded the aircraft in Cairo and disembarked in Athens, on the first leg of the airline's journey. The man occupied the place where the explosion occurred on the return leg from Rome to Cairo, the minister said.

Italian police said the explosive device, which tore a hole in the fuselage of the Boeing 727 as it was beginning its descent to Athens, was hidden under a seat occupied by a man registered under a name

spelled in two different ways: Mansur and Monsour.

The Italian allegations were botched by an Egyptian security official in Cairo, who said yesterday: "The aircraft left here completely clean."

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# SECTION III FINANCIAL TIMES SURVEY

## Vehicle Components

Rapid changes in the world motor industry are forcing component suppliers to produce on an international scale and in closer co-operation with the vehicle assemblers. The trend is to a specialist approach and heavy capital input to meet the assemblers' needs. Kenneth Gooding reports.

### Surviving the shake-up

THE motor industry worldwide is only part of the way through a massive upheaval. The changes have already taken their toll among the automotive component producers. Some have gone to the wall. Others have quit the business and are now concentrating on other products.

The pressures will continue for some years and the shake-out will leave a reduced number of larger-scale companies surviving in 1990.

Above all, the survivors must be able to cope in a truly integrated, global industry competing in a highly-competitive marketplace.

There is almost complete agreement among the major component companies about the main trends in the industry today. They include:

- A move towards fewer but bigger contracts available to suppliers;
- Closer association between suppliers and assemblers;
- Suppliers face very heavy capital requirements, and need the ability to operate internationally;
- New materials and products will replace some traditional ones—but it is difficult to pick the new "winners";
- An increasing demand by assemblers for packaged systems involving groups of components;
- Assemblers are demanding very high-quality components and severely penalising suppliers who let them down;
- Western assembly companies

are trying to find a way to adapt the Japanese "just in time" concept of component deliveries to assembly plants, providing yet another challenge for suppliers.

● The age of the specialist components supplier is fast approaching.

To start with the first point, there are fewer component contracts available because, in order to stand a better chance of recovering their enormous investment in the new products, the assemblers have been rationalising vehicle ranges at a rapid pace. They have reduced the number of models and the number of parts in those models.

#### Partnerships

But contracts will be much bigger. The suppliers who win the business will be awarded contracts for quantities unheard of only 10 years ago.

For this reason the assembly companies are moving toward closer relationships with suppliers. In some cases almost to the extent of forming partnerships.

The suppliers involved must be willing to invest heavily in research and development to stay competitive, but the combination of international competition and the magnitude of the manufacturing redesign costs is staggering.

However, the benefits to the suppliers which win the contracts that are available will be considerable. Contracts worth

between five and 10 years instead of the one or two years which have been the norm in the past.

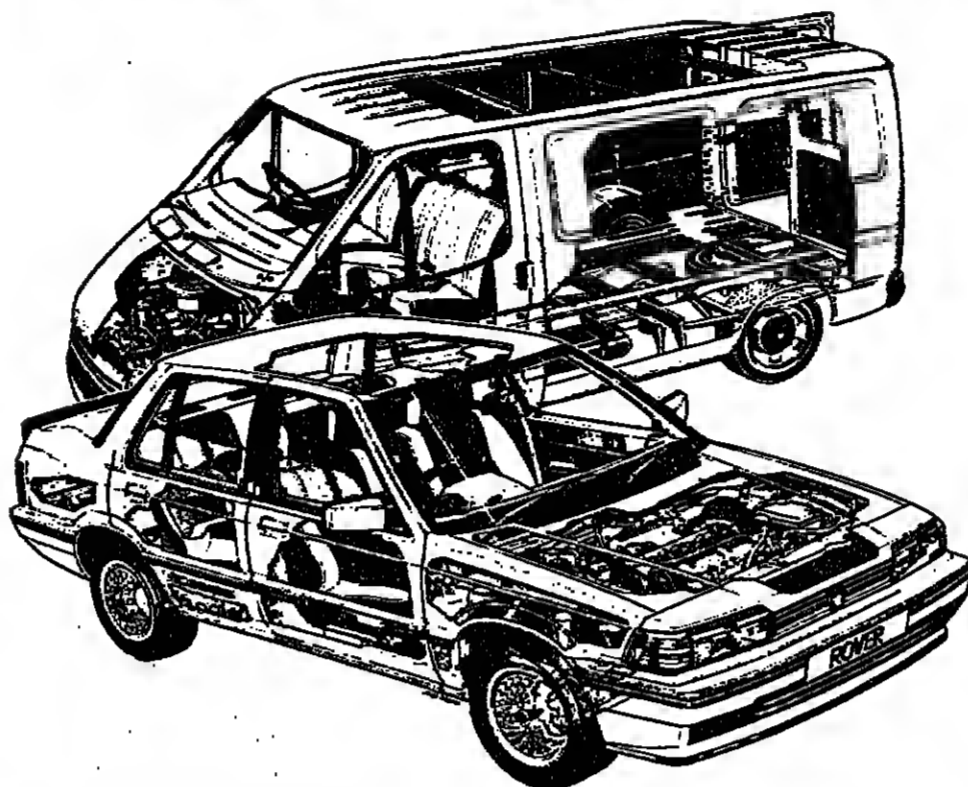
Long-term contracts are being initiated because change in the industry is going so far, so fast, that the assemblers are demanding that their component suppliers take on much more of the design and development burden. That kind of financial commitment cannot be expected from a supplier if only short-term contracts are on offer.

However, the longer-term contracts will probably specify some locked-in price structuring as well, so suppliers will be more responsible than ever for cost containment and productivity improvements to offset any increase in the prices of raw materials, labour or overheads.

No one in the industry can ignore the fact that low growth in world-wide demand for vehicles is putting pressure on retail prices.

So assemblers are looking for better quality, more technical support and innovation from their suppliers—but at a lower cost.

In this context it should be remembered that the component suppliers contribute a significant part of any vehicle. For example, bought-in materials, components and services range from about 55 per cent of the ex-factory value of a car in Western Europe to 70 per cent in Japan.



In the US only General Motors is lower than 55 per cent because of that group's high vertical integration.

Symptomatic of the assemblers' approach was the reaction of the Japanese car companies recently when the dollar fell substantially in value against the Yen and put margins of profit under pressure in the US, their biggest export market. The assemblers turned immediately to their component suppliers in Japan and asked them to cut prices.

All this is putting considerable financial strain on the components industry worldwide. As Mr Rudolph Stahl, executive board member at Robert Bosch, points out: "The capital requirements needed in the near future for product development, for more flexible, automated manufacturing facilities and for the improvement of quality and

reliability will tax the component industry rather heavily."

Another essential requirement in future for the successful component supplier will be the ability to operate internationally.

"Our industry is international in scope and in character. Suppliers who don't understand this won't be a part of it for long. Suppliers who don't adjust to this won't succeed," says Mr Edward Irving, senior vice president, industrial systems group at United Technologies.

#### Subsidiaries

"North American and European automobile output currently accounts for nearly 60 per cent of worldwide production. Vehicle makers on both continents are engineering their vehicles to be built any-

where in the world. They are going to reduce costs by moving production to subsidiaries in other countries and by affiliating with foreign companies.

"For suppliers planning to stay competitive, it is imperative that they go wherever in the world their major customers go. Automotive suppliers must be able to sell components in the countries where car and truck makers build and sell their vehicles. Automotive companies of the future will have no national passport," Mr Irving says.

To give some perspective to his remarks, it should be pointed out that there are already about 30 automotive companies competing on an international scale. There are automotive assembly plants in no fewer than 86 countries.

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This tempts the assemblers towards the "world" car and truck concept where a vehicle is designed for manufacture and assembly in the major markets with main components drawn in volume from the cheapest and most effective sources of supply available — be it Western Europe, North America, Japan, Taiwan, South Korea or Brazil.

Mr Ian Donald, deputy managing director of Guest Keen and Nettlefolds, maintains that the international supplier will have to use its financial and technical resources to establish itself in national markets either in its own right or, more usually, in some form of joint venture with a local supplier.

The supplier will trade its technological advances in product and process to obtain a share in the national markets and so try to ensure that its design is selected for incorporation into the "world" vehicle. He says: "It is an exercise fraught with risk but capable of significant pay-off if successfully accomplished."

Typical of the deals Mr Donald has in mind is the 50-50 joint company formed by SKF of Sweden with Koyo Seiko in Japan to produce and sell in Japan automotive bearings developed by the Swedish company. This will enable SKF to break into a market which up to now has been exclusively supplied by domestic producers.

So far the traffic has been mostly one-way and Japanese component producers have been moving into North America and Europe to supply the Japanese car assembly plants being set up on those continents.

Car assemblers in particular are encouraging this trend because they prefer to link with suppliers they can trust and who can run their organisations like well-oiled machines. They want suppliers to use the latest methods such as statistical process control and "just in time" delivery—where materials and parts are delivered to factories only in the exact quantities and at the times they are needed.

The "just in time" approach is proving difficult to put into practice outside Japan. To be able to act effectively, suppliers have to have some guarantees that orders will not be changed at the very last moment. But erratic demand in the car market and the large number of optional extras available for cars these days make it very difficult for the assemblers to adhere to a "no-touch" period.

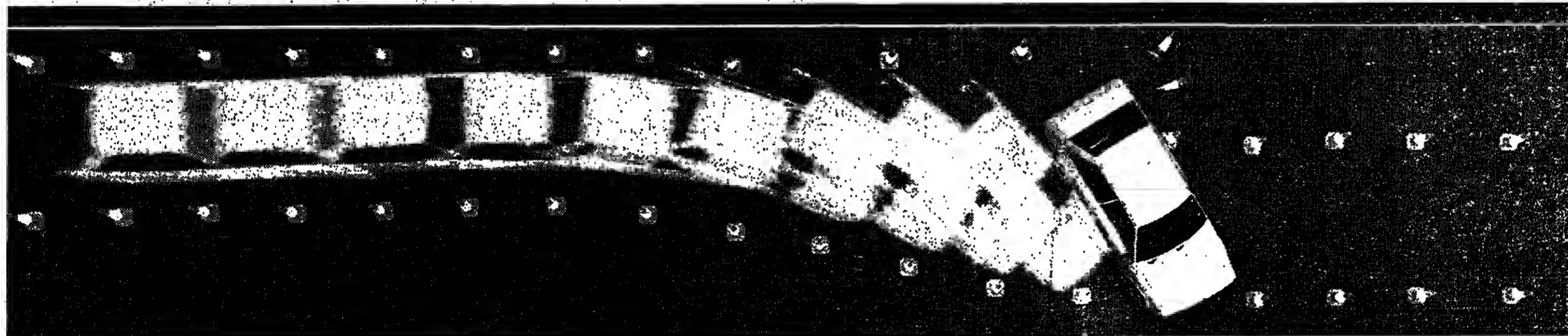
#### Inventory

The only way total flexibility of "just in time" supply can be offered is if buffer stocks are held by the supplier. This simply moves inventory from the assembler to the supplier and leaves no room for costs to be cut—which, after all, is the main object of the exercise.

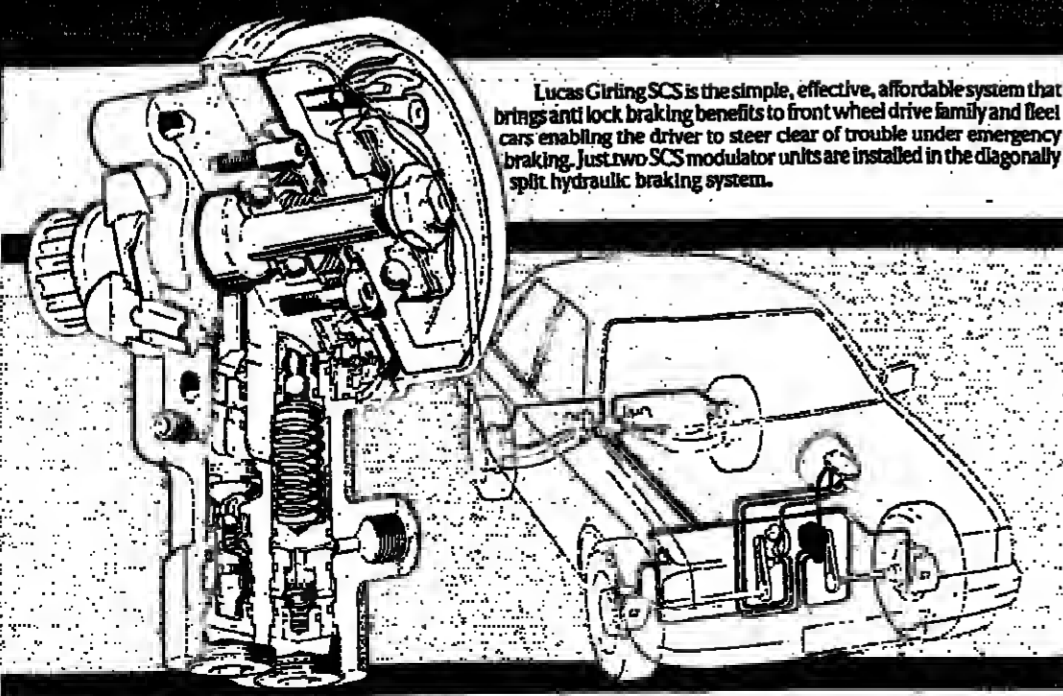
Mr Rudolph Stahl, a member of the Robert Bosch executive board, suggests that if "just in time" is to work, close co-operation between suppliers and assemblers is essential. Car makers should introduce as quickly as possible systems which allow a fast flow of information from sales to material

CONTINUED ON PAGE 2

## TOMORROW'S TECHNOLOGY...



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## Vehicle Components 2

## Projects springing up fast

## Joint ventures

KENNETH GOODING

JOINT PROJECTS among automotive component companies are springing up at such a fast rate it is nearly impossible to keep track of them.

Component groups are being propelled in this direction by the rapid changes in the motor industry, which has turned into one in which companies need to operate on an international scale of manufacturing to have any chance of success.

For example, the Japanese car companies have only recently begun to move into North America and Western Europe with new assembly plants. They wish to take their traditional suppliers with them and sometimes the only viable way for the suppliers to follow is via joint ventures.

The Nissan car assembly project at Washington, Tyne and Wear, in the UK has already spawned a number of such projects.

TI Silencers has set up a 50-50 company with Nihon Radiator to produce exhaust systems for the Washington factory and another TI company, Fulton TI, will supply brake and fuel tubes to Nissan in Britain and will use multiple bending expertise sup-

plied by Sano of Japan. Hoover Universal and Ikeda Bussan, a Nissan subsidiary, have established a joint venture to produce seats and headlinings for the Stanza cars to be produced in the UK.

Kanto Seiki will supply tooling to NP Echo, a Courtaulds subsidiary, so that right-hand-drive versions of the instrument panel can be made in Britain as well as the plastic bumper.

An added ingredient in these ventures is Nissan's need to incorporate as much UK and European content into the Washington cars as possible so that they conform to undertakings given to the British Government.

Political pressure is also gradually forcing open the door to the Japanese market for Western component producers. The Japanese government, worried about the severe imbalance in automotive trade between its country and North America and Western Europe, has been applying that pressure.

As a result, at least two significant joint ventures have already been proposed and more are almost certainly on the way.

Nihon Radiator, which is part of the Nissan "family" of suppliers (Nissan has a 39.8 per cent shareholding), and Harrison Radiator, a subsidiary of General Motors of the US, have reached agreement for a joint company to produce in Japan a new generation of air compres-

sors for vehicle air-conditioning units. The Japanese partner will take 51 per cent of the action and supply most of the management. And SKF of Sweden, the world's largest bearings manufacturer, has managed to break into the Japanese market for automotive bearings via a joint project with Koyo Seiko.

Koyo is part of the Toyota family and Japan's largest vehicle producer owns about 20 per cent.

## Rights

As a first step, the joint company will be given the rights in Japan to make clutch bearing units for manual gearboxes and free-wheel (sprag clutches) for automatic gearboxes.

The aim would then be to expand gradually to give Koyo increased access to certain technically advanced SKF automotive products, thus giving the Swedish group a significant presence in the Japanese automotive industry.

Before the Japanese government's recent intervention, SKF almost certainly would have had to settle for a licensing deal with a Japanese company to get its products into the Japanese industry in any significant numbers.

Elsewhere in the world, well-established component companies have been looking for ways to justify the cost of

spreading their operations through several major markets even though their products are made in relatively low volumes.

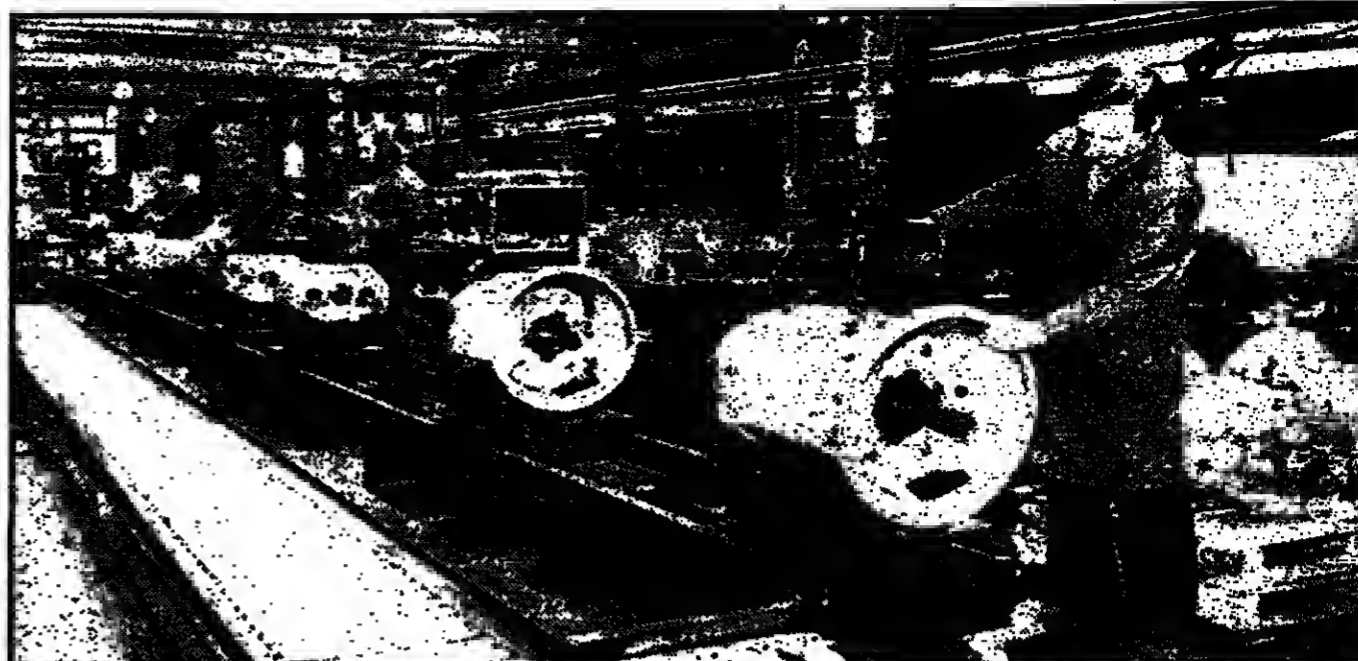
For instance, talks are going on between Dana, the US group, and Zahnradfabrik Friedrichshafen of West Germany (commonly known as ZF) to merge their truck transmission operations.

If the deal goes through the two companies will set up a worldwide transmission partnership to be known as ZF-Spicer with annual sales of about \$50m and employing 9,500 people.

Dana-Spicer facilities included in the potential agreement are in Toledo, Ohio; Jonesboro, Arkansas; Knoxville, Tennessee; and Wolverhampton in the UK. ZF facilities to be transferred are in Friedrichshafen and Sorocaba, Brazil.

The two companies' truck transmission products are almost entirely complementary and Mr Gerry Mitchell, Dana's chairman, said at the time the deal was announced:

"Dana gains access to a first-class product line which meshes nicely with its existing products, basically without duplication and the ability to manufacture its products in Brazil and in Continental Europe where our European customers want them produced. ZF gains a marketing and manufacturing position in North America and the UK which will benefit



Assembling lightweight truck transmissions at a new Spicer plant in Wolverhampton. Dana-Spicer's three Wolverhampton factories would be included in a new worldwide transmission partnership, if the proposed ZF-Spicer agreement goes through.

them."

The heavy truck market is ripe for joint ventures because demand has dropped by about half since the peak at the end of the 1970s, excess capacity is driving down prices and making it difficult for the assemblers to earn enough to cover the cost of new product development.

This should provide opportunities for component producers who can offer efficient

and high-technology products at prices the assemblers could not match with in-house manufacture.

With this in mind, Eaton, the US transmission maker, has joined with Iveco, the Fiat heavy vehicle subsidiary which has facilities in West Germany and France as well as Italy, to develop medium-duty truck transmissions.

Eaton will sell the transmissions to other vehicle makers

worldwide if it can, thus substantially reducing the transmission's cost to Iveco.

Similar thinking applies to another Iveco joint venture this time with Rockwell of the US. Rockwell CVC, now controlled by the US group, produces truck axles at a highly automated factory in southern Italy and has won some outside customers. The most important is Ford of Europe, which is to phase out its truck axle plant

at Langley in the UK as a result.

It would have cost Ford £10m to replace its old axle production equipment at Langley—but the company had not developed its own, modern axle so even that was out of the question. Ford will save more than £4m a year from the change—and that is not an insignificant sum in the truck component business.

## European truck axle production forecasts

('000s)	1980	1984	1985	1986	1990
Medium/heavy truck production:					
Germany	186.9	118.1	120.8	124.5	123.4
France	61.2	40.2	32.2	34.7	28.2
UK	106.5	58.4	54.5	55.5	52.1
Italy	42.2	39.4	45.7	48.2	52.1
Spain	22.7	16.0	15.1	14.4	14.2
Sweden	55.1	55.0	57.9	60.1	62.7
Netherlands	15.9	12.4	13.1	13.5	14.6
TOTAL	484.5	331.5	340.2	351.3	353.8
Light CV production:					
Germany	265.2	204.0	219.7	225.4	221.2
France	375.5	285.9	345.4	350.1	344.9
UK	221.2	144.1	172.5	185.0	198.9
Italy	115.9	118.2	122.9	125.2	128.7
Spain	107.1	86.9	138.5	135.3	148.5
Belgium	49.3	35.2	48.1	60.1	62.3
TOTAL	1,126.3	892.3	1,051.0	1,062.1	1,162.1

Source: OPA Europe.

## World car sales/production forecasts

('000s)	1980	1984	1985	1986	1990
World:					
Sales	28,845	30,467	31,927	32,232	35,283
Production	10,119	10,161	10,604	10,772	11,270
EC (12 countries):					
Sales	9,215	9,212	9,533	9,738	10,269
Production	10,111	10,350	10,805	10,882	10,806
North America:					
Sales	9,914	11,357	12,140	11,881	12,278
Production	7,212	7,349	7,779	8,302	8,927
Japan:					
Sales	2,854	3,096	3,104	3,166	3,318
Production	7,038	7,073	7,647	7,773	8,042
South Korea:					
Production	57	157	283	332	538
Exports	15	49	119	185	240

Source: OPA Europe.

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## Shake-up

CONTINUED FROM PAGE 1:  
planning into the plants of the supplier.

"On the other side, the supplier industry has to develop, plan and install highly flexible, computer-aided manufacturing concepts which allow quick reactions on schedule changes with low inventories," he adds.

Apart from costs, the assemblers are obsessed with quality and are pressuring suppliers to improve quality across the board. They have increased the suppliers' responsibility for maintaining quality with severe penalties for failure.

There are, however, carrots for the successful. GKN's Ian Donald quotes the example of the group's transmission plant in North Carolina which was recently presented with Ford's Q1 preferred supplier award for meeting the US company's stringent quality-control programme.

This means that GKN's constant-velocity drive shafts are delivered straight from its plant to Ford's assembly line without any intervening inspection.

"While this requires very tough quality and process control in our own business, it leads to significant savings in costs, both for GKN and Ford, and I believe that programmes of this nature will be one of the important issues for vehicle builders and their suppliers in the future," Mr Donald says.

Meanwhile, future planning for component suppliers is made doubly difficult because of the way the motor industry is rapidly absorbing new materials and products. This trend is attracting new companies into the automotive supply business. But the main problem for the long-standing suppliers is to establish which new products or materials have long-term potential.

Some of the short-term changes can be spotted quite easily, however. The Frost and Sullivan market research group suggests that the components likely to see above-average growth are those in the electronic and fuel-injection sectors.

Brake components should also

receive a boost from anti-lock systems, while continuously-variable transmission systems will also see rapid acceptance. Plastic mouldings will also do well.

In contrast, say the researchers, there will be decline for carburettors and clutches, metal body stampings and paints which are expected to experience a contraction in sales to assemblers. Demand for traditional wiring harnesses will increasingly be affected by the adoption of multiplexing systems in cars.

Other surveys suggest that it will not be long before a vehicle's entire operation will be controlled exclusively by electronics. Current projections are that, as a percentage of total vehicle cost, electronic components will reach 5 per cent by 1987, 10 per cent by 1990 and 15 per cent by 1992. In luxury cars, electronic systems could approach 20 per cent of their total cost by 1992.

Major supplier companies have decided that they can take advantage of this electronics revolution through a systems approach—where the supplier develops concepts involving the interrelationships of various components. The supplier then enters into joint development agreements with vehicle makers to adapt the concepts to the assemblers' various requirements.

This puts a heavier financial burden on the supplier but the commitment of the assembler, in terms of up-front funding, offers the security of a closer relationship and guarantees the risks will be shared.

The anti-lock braking system developed jointly by Lucas Girling and Ford of Europe is a perfect example of this systems approach.

And Mr Donald points out that GKN believes in the need to concentrate on higher added value, higher-technology products, capable of being developed and marketed as systems.

He says: "There will be no place for low margin, low added value metal working in the port folio of a successful international business in the future."

Handwritten signature or mark.

## Vehicle Components 3

## Satellite factories being set up in US

THE JAPANESE components industry has developed along different lines to its Western counterparts. It has remained until recently almost entirely domestically-based and has had little incentive to adopt multinational strategies of the type developed by General Motors and Ford.

It is not hard to see why Japan's vehicle makers once again lead the world in production volumes, and rely on their suppliers to a far greater extent than manufacturers in the West. Thus the Japanese component makers have been content to concentrate their activities almost entirely within Japan.

All that is now changing, as they start to follow the vehicle makers to their assembly or manufacturing sites overseas. Japanese-owned satellite component plants are already springing up around the Japanese car and truck plants in North America which are expected to be producing 1.5m vehicles a year or more well before the end of the decade.

Europe has trailed behind North America, the world's largest and most lucrative vehicles market, as a desired base for Japanese vehicle assembly or production. But the engine driving the Japanese moves offshore — the fear of overt protectionist action — has already deposited Nissan in Spain, where it makes four-wheel-drive vehicles and vans, and brought two companies to the UK. Nissan's car assembly plant at Washington, Tyne and Wear, goes into production in July. Honda plans to use spare Austin Rover capacity to build its Ballade saloon, and plans engine production and, later, vehicle assembly, at the 360-acre site it has acquired at Swindon.

Meanwhile, Toyota is considering a European plant and its associate company Daihatsu is seeking a joint venture to assemble in Europe.

These developments present both opportunities and a threat to the European components industries, observes Dr Alan Martin, a director of the PA Technology consulting group who has been making a special study of the sector.

Which way the balance tilts, he suggests, will depend on how well European suppliers understand and adapt to the fundamental differences in approach

### Japan

JOHN GRIFFITHS

to components in the East and West in four main areas: engineering practices, engineering source location, "just-in-time" supply and quality.

The Japanese expected mutual commitment between supplier and vehicle maker. "In the West, the manufacturer will often only commit to a supplier when he is sure he has secured the best-price deal. In Japan, the supplier knows he has to be competitive and knows he will have the business when the vehicle is in production."

Thus Japanese suppliers were involved at the earliest stage of vehicle design, often having their engineers at the manufacturer's plant and thus aware at an early stage of precisely how their components will interrelate in the finished vehicle.

"The issue of drawings and engineering releases to a supplier is often a mere formality." As a consequence, Japanese suppliers could provide prototype parts far more quickly than in the West.

It is this process, suggests Dr Martin, which explains why Austin Rover's launch of its version of the executive car developed jointly with Honda is to take place in the summer, six months after Honda's has gone on sale.

The odds are also stacked against European suppliers in that most components in North America or European-assembled Japanese vehicles will have been developed in Japan, so that a European supplier, for example, could not tool up for a part without undertaking a significant amount of engineering himself.

A seemingly obvious answer is joint ventures — indeed three have already been set up near Nissan's Washington plant to contribute to the 20 per cent European content (excluding labour and other overheads) of the Bluebird car to be produced.

"This may well give a new lease of life to the local partner in the joint venture," Dr Martin points out. "But it is going to create new and stronger competition for other indigenous com-

ponent companies." The reason is that the joint venture companies, from their secure supply base, would almost certainly seek business in other areas traditionally enjoyed by indigenous suppliers.

This has not prevented UK and Continental suppliers from gaining business in their own right. Indeed Mr Ian Gibson, purchasing director for Nissan's UK plant, has been very complimentary about suppliers it has signed up, including Lucas, Triplex, Dunlop and more than a dozen others.

Now has Nissan been anything like as consistent as had been feared, particularly in the UK component industry heartland of the West Midlands, about suppliers setting up right on its doorstep to provide a replica of Japan's famed "just-in-time" component delivery systems, under which car plants have component buffer stocks of as little as four hours.

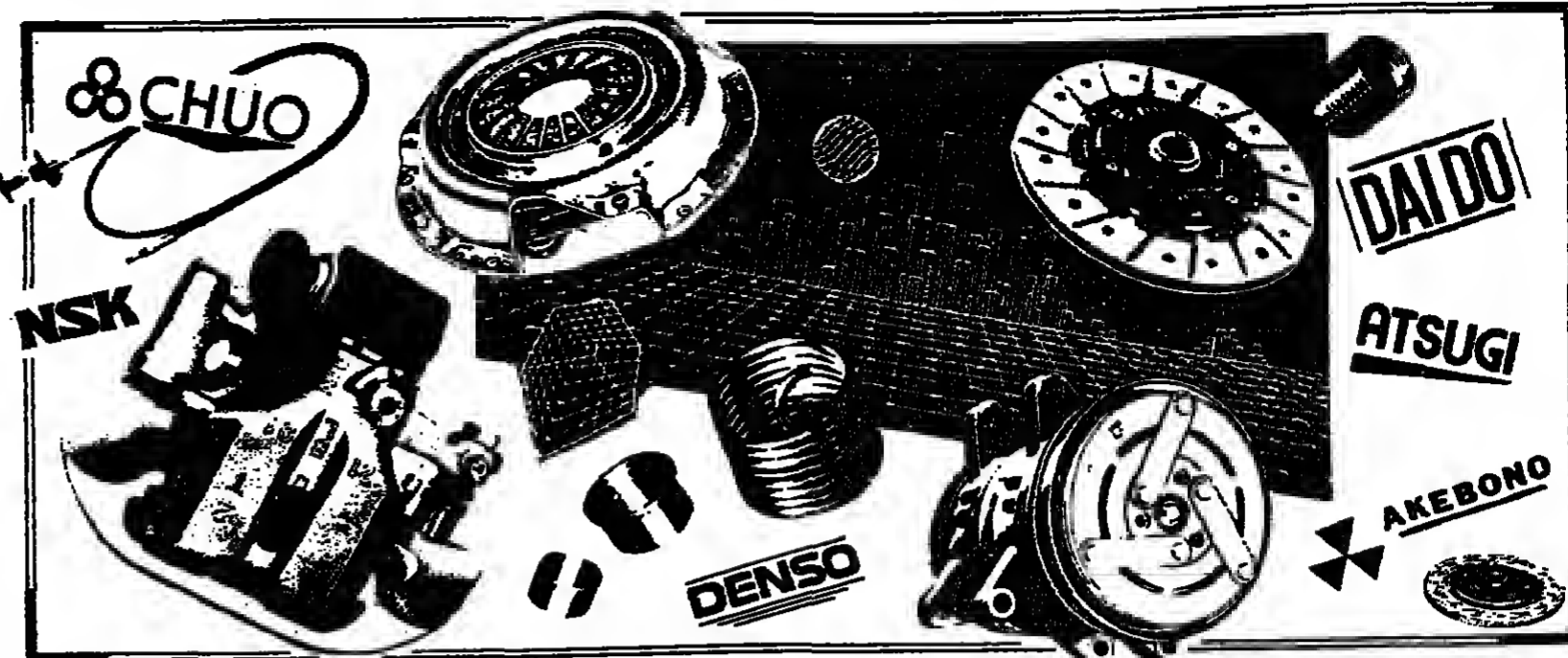
And, after subjecting each supplier to extensive quality and reliability testing, Mr Gibson has made clear that his suppliers, at least, have been fully able to meet particularly stringent Japanese standards.

For all that, Nissan's suppliers represent only a very small sample of the European industry. How others react to the heightened competition will be crucial. "They either adapt, or they die," Dr Martin observes simply.

The Japanese component industry's growing presence in North America has already set alarm bells ringing. Ms Candace Howe, United Auto Workers' Union economist, told a convention of the Society of Automotive Engineers that the Japanese-owned vehicle plants in the US would still rely heavily on imported components with a typical "transplant" factory providing only about 5,450 jobs directly and for indigenous component suppliers.

This compared with 21,800 for a similar-sized but American-owned facility. All the Japanese operations combined would provide only about 82,000 jobs.

A survey by one securities firm showed at least 26 Japanese companies to be setting up in the US, either independently or in the form of joint ventures. And they want to supply GM, Ford and Chrysler as well as Japanese vehicle makers.



Japanese component makers and their products are not well known in Europe and the US but are likely to become increasingly familiar as component plants follow the vehicle makers abroad

## Powerful means of studying trends

### Databases

JOHN GRIFFITHS

IN THE PAST 12 months, powerful new tools have been emerging for motor component manufacturers in the form of comprehensive databases.

Their formats, and the means of accessing them, differ. But their common ground is that they provide the means of taking much of the guesswork, or time-consuming number crunching, out of identifying trends in the types and volumes of components supplied to vehicle-makers around the world.

They provide the basis for calculations by component manufacturers of likely demand for replacement parts as well as original equipment.

Several are from the PRS consultancy group, one of which — to be launched formally in May — is taking the form of a joint venture with the UK's Society of Motor Manufacturers and Traders. Another is from another UK-based consultancy group, James McArdle & Associates.

PRS's software-based systems have been set up to provide a detailed breakdown of the constituent parts of motor vehicles produced worldwide. The strategy of PRS is to produce virtually an "encyclopaedia mechanica" of vehicle content, making it possible for component makers to spot trends.

For example, it is easily possible, by examining four years' statistics, to track how fuel-injection systems have grown at the expense of carburetors, or the increasing market penetration of vehicles fitted with turbochargers or multi-valve engines.

Its joint venture with the SMMT, Autoparc, initially is covering Europe and focuses on registrations, rather than production, stretching over at least the past 10 years. It should thus be of particular interest to component makers supplying the aftermarket.

Mr John Martin, PRS group managing director, says the databases are providing useful means for component makers to identify weak spots in rivals' markets, allowing them to target geographically precise areas.

The McArdle database currently embraces only the com-

mercial vehicle production of European manufacturers. But, says Mr McArdle, a cars database is well advanced. North American manufacturers will be added later this year, and Japanese statistics will not be far behind.

Three years in development, the database is notable for the detail in which vehicle production is broken down (each model is described in terms of some 20 variables); the fact that, by following a simple, programmed prompt sequence, the database can be interrogated to produce, virtually instantly, tables depicting precisely what the user wants to know; and for being an on-line, interactive system in which the user is linked direct to the mainframe computer.

"It means," says Mr McArdle, "that you access it anywhere in the world, 24 hours a day with a telephone and a microcomputer."

It is possible, as just one example, to ask the database to show, over a five-year rolling period, manufacturers and their country of origin of commercial vehicles defined by the number of axes, vehicle weight, torque or power output, or cubic capacity — or a combination of these.

So far, the main take-up of

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HEIGHT: 20-25, 27-30, 32-35, 37-40, 42-45, 47-50, 52-55, 57-60, 62-65, 67-70, 72-75, 77-80, 82-85, 87-90, 92-95, 97-100, 102-105, 107-110, 112-115, 117-120, 122-125, 127-130, 132-135, 137-140, 142-145, 147-150, 152-155, 157-160, 162-165, 167-170, 172-175, 177-180, 182-185, 187-190, 192-195, 197-200, 202-205, 207-210, 212-215, 217-220, 222-225, 227-230, 232-235, 237-240, 242-245, 247-250, 252-255, 257-260, 262-265, 267-270, 272-275, 277-280, 282-285, 287-290, 292-295, 297-300, 302-305, 307-310, 312-315, 317-320, 322-325, 327-330, 332-335, 337-340, 342-345, 347-350, 352-355, 357-360, 362-365, 367-370, 372-375, 377-380, 382-385, 387-390, 392-395, 397-400, 402-405, 407-410, 412-415, 417-420, 422-425, 427-430, 432-435, 437-440, 442-445, 447-450, 452-455, 457-460, 462-465, 467-470, 472-475, 477-480, 482-485, 487-490, 492-495, 497-500, 502-505, 507-510, 512-515, 517-520, 522-525, 527-530, 532-535, 537-540, 542-545, 547-550, 552-555, 557-560, 562-565, 567-570, 572-575, 577-580, 582-585, 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## Vehicle Components 4

## Greater performance and better economy

## Engines and fuel systems

IAN ROBERTSON

RECENT DRAMATIC changes in both engines and fuel systems are the culmination of pressures from several different sources. First, severe competitive pressure has accelerated the drive to improve fuel efficiency. This can be measured by both improved performance and greater economy.

Advanced electronics in engine management systems and improved manufacturing techniques have also played a key part. Added to this stiffer provisions on exhaust emission standards has forced through related technical developments which centre on refinement of the "lean burn" principle, and improved combustion techniques.

Taxation anomalies have had an impact. In Japan, for example, sales of midsize (up to 2500cc) vehicles accounted for 13 per cent of last year's market. They enjoy reduced luxury and weight taxes as well as doing away with the need for a garage certificate.

Their popularity has earned for specialists such as Suzuki and Daihatsu a world lead in small engine technology, yet outside Japan these vehicles are comparatively unknown.

There is continued pressure to reduce the size and weight of components—which has speeded up the exploration of alternative materials. A drive to cut back further on routine servicing requirements has brought new technology to bear on ignition and filtration.

And, not least, there is an unrelenting pressure to hold down production costs. With tooling and development on a new engine costing up to £200m, this is encouraging a more co-operative approach by the vehicle manufacturers as well as speeding up the use of advanced manufacturing techniques, exemplified by Fiat's latest FIRE (fully integrated robotised engine) project.

Compared with the mid-1970s, today's engines are smaller and lighter and considerable gains in fuel efficiency have already been achieved. A modern 1300cc engine now offers the performance of a typical two litre unit of ten years ago.

More use is made of aluminium, particularly for cylinder heads, although the all-out move towards aluminium in the 1980s and 1990s has been modified. This reflects advances in casting techniques and improved stress analysis using computer-aided facilities to reveal weak points.

Together, these developments have enabled much thinner castings to be made in iron. As a result cast iron cylinder blocks—with their worthwhile reduction in noise transmission—are now as light as aluminium blocks.

At the same time there have been advances in the technology for making connecting rod bearings. More sophisticated alloys incorporating copper and nickel have taken over from the old lead variety, giving significant gains in working life. Two-ring pistons have been developed

which provide valuable savings in compression height as well as weight and mass.

In the UK, the Rugby-based AE group has developed pistons which offer a 30 per cent saving in weight. This permits similar reductions in both the thickness and weight of connecting rods. It also eases the load on the bearings and reduces friction losses.

There has been a move to overhead cam design with further reductions in weight and improved efficiency. In the Austin Rover line up, for example, only the Metro's A-series engine now uses pushrods.

Electronic ignition is now widespread. The first move away from contact breakers took the form of transistor-assisted contacts which effectively acted as a switch offering extended working life.

The next stage was to dispense with contact breakers altogether. This took place with the advent of fully-electronic ignition control which first arrived on family cars five or six years ago. Now programmed ignition is being phased in on family cars such as BL's Maestro.

## Microchip

The system uses a microchip which retains a three-dimensional map of the engine in all its operating phases. Sensors are located at 200 points to cover variations in vehicle load and speed and the microchip adjusts to an appropriate ignition setting.

The system used by Austin Rover was developed in conjunction with Lucas, and it is particularly in this field of electronics—along with bearings and pistons—that independent component suppliers have the biggest part to play. More and more the specialist independent suppliers are being brought in at an earlier stage in the process of component development. In the electronics sector in particular they are being charged with the development and supply of complete systems.

However, where these advanced systems are taken up by the vehicle manufacturers in substantial volume, the risk arises for the suppliers that

production may be taken in-house. This is highlighted by recent developments in fuel injection equipment.

Ten years ago, none of Ford's volume-selling cars had fuel injection as standard. In 1985, about 20,000 of the 157,000 Escort models sold in the UK were fuel-injected including 20 per cent of Orion; plus more than 50 per cent of the new Granada models. Originally, fuel-injection was limited to high-performance models, but as costs have fallen injection systems have been progressively phased down-market with the additional goals of improving economy and emission control.

A further stage in this development will be seen in a "throttle body injection" system to be featured on the Rover 800's new M16 engine. In this system the workings of the carburettor are dispensed with and replaced by one injector in a venturi-effectively a super high-tech carburettor—which allows better control of fuel usage and improved emissions.

As more and more models have become equipped with injected engines, however, some vehicle manufacturers have become noticeably uncomfortable at their growing dependence on outside specialists. Recently Volkswagen developed its own Digifant fuel injection system for the super-charged Polo—an important break from total dependence on Bosch.

Toronto is also taking over from Nipponenso the production of electronic computer units, a major component in fuel injectors, and there could be more to follow.

By the end of this year, BL, with the co-operation of Perkins, expects to be able to offer its first direct-injection diesel engine for a passenger car.

Originally Ford considered it impractical to direct-inject any diesel engines below its four litre truck unit. In stages, however, the technology has been phased down its range to the 2.5 litre Transit, although a high-speed system for a passenger car remains some way off.

In total, diesel cars now account for almost 15 per cent of the 10m passenger cars sold in Western Europe and further



Testing an engine at Ford's research centre. The driver sets up a visual display unit with the drive trace.

growth is forecast, in contrast to the US where the major manufacturers have reduced their diesel car programmes.

Progressive refinements, the addition of turbo-charging, fast-start systems and favourable emission ratings have helped to overcome user resistance along with increased availability. However, the outlook for continued progress must be weighed against considerable advances in the economy of petrol engines.

Ford estimates that advances in lean burn technology should enable the company to meet forthcoming European regulations on exhaust emissions for the up to two litre category. Advanced piston technology and modifications to the combustion chamber permit a leaner air-fuel mixture.

Compared with the 12:1 ratio of a standard engine, the company's first-generation lean burn units reached 16:1 in the 1.3 litre Sierra of late 1984. Second generation units exceeding 18:1 are offered in the new

Escort/Orion, and there are plans to advance this to 22:1 in a third generation series due for production at Dagenham in 1987.

Among the alternative materials on offer, Ford has developed a plastic manifold for a car petrol engine but at the moment the potential for plastics appears to be limited to non-moving parts such as cam covers and filters. Plastics technology does not yet extend to tolerance of high operating temperatures within the engine. Carbon fibre composites have been developed and are already used in Formula One racing engines.

## Ceramics

Japanese manufacturers are in the forefront of the development of ceramics. Nissan has already produced a ceramic engine and production turbo-charged models are equipped with ceramic rotors. The first ceramic turbine turbocharger appeared in Nissan's 300ZX model. It was developed in conjunction with NTK Spark Plug Co and NTK Insulators, and offers high thermal strength and reduced mass with a substantial reduction in the inertia of the turbine rotor.

But ceramics are expensive (though on increasing number of applications could be priced down by as much as 50 per cent in the next few years) and their durability has yet to be fully tested. Ceramics are expected to appear progressively in different components,

with pistons and valve parts among the forerunners.

In the immediate aftermath of the oil crisis, US engineers headed a widespread investigation into cylinder cut-out arrangements on gas-consuming "V8" engines in an effort to reduce consumption, but continued friction losses have undermined the achievements so far. In Europe, Ford has been testing a three-cylinder cut-out on a six cylinder engine for the past two years but several other manufacturers have already abandoned this approach.

Indicative of the next generation of engines, BL's future X-series unit will be fitted to the Metro replacement at the turn of the decade. It is to be an all-aluminium overhead-cam 1400 cc engine, which BL claims is the lightest ever produced, incorporating advanced lean burn technology. In a radical move all the plumbing will appear as copper pipes on the outside of the engine.

New mass production techniques will be employed including flexible manufacturing systems. Instead of the transfer line approach producing one cylinder block from one end to the other, as on Fiat's FIRE programme, engines with common bore centres, but varying capacity and even with a different number of cylinders, will be produced on the same line. This will substantially increase the potential for volume production and ease the way towards a greater interchangeability of engines between the vehicle manufacturers.

## Aluminium and plastics given more uses

## New materials

JOHN GRIFFITHS

Increased in pursuit of engine efficiency and economy.

The Japanese motor industry is now among the most active in new materials research, and Nissan's executive vice president, Mr Yutaka Kume, forecasts that by 1990, the proportion of traditional steels within the typical car will fall from 75-80 per cent by weight now to about 60 per cent.

Nissan itself has been exploring a number of new materials applications. These include:

A barium titanate raindrop sensor, mounted on the windscreen wiper. It detects rainfall intensity, relates it to vehicle speed and controls intermittent wiper operation to suit.

Carbon fibre-reinforced plastic propeller shafts, which save weight and provide better suspension of driveline vibration compared with steel.

High-performance plastics for items such as engine rocker covers and seat frames;

Plastic fuel tanks, of up to five layers of polypropylene and nylon, which can be moulded in more complex shapes than steel to allow greater passenger or luggage room;

Ceramic turbocharger rotors, made of silicon nitride, which through lighter weight is claimed to reduce the notorious turbo "throttle lag" by 30 per cent, as well as being more resilient to the high temperatures of the exhaust gases which drive turbos;

Another ceramic-silicon nitride and alumina—to coat the surfaces of rocker arms where they activate the engine valves, thus reducing the wear to which they are becoming increasingly prone as the result of a widening move by manufacturers towards multi-valve, high-speed engines.

Rocker arms themselves are being developed in glass fibre-reinforced plastic, with carbon fibre-reinforced plastic tips;

Silicon nitride / carbide ceramic combustion chambers for gas turbine engines, which Nissan believes could well supersede conventional diesel or petrol engines in some vehicle applications. And more novel items, like shape memory alloy components for use in a cooling fan brake system (they remember their formed shape and when heated via an electric current and exert considerable force in returning to their original shape. The process is almost instantaneous and wide applications are envisaged for lightweight windscreen wiper "motors", central door locking and other features).

Nissan is not alone, of course,

in developing ingenious applications for such materials. The research and development operations of European manufacturers and their suppliers are engaged in similar pursuits.

Steel producers, however, are not about to yield any ground to other materials without a fight. The majors are developing ranges of high-strength steels capable of meeting manufacturers' requirements for weight saving without diminished strength.

Austin Rover, meanwhile, is one of the most pressing advocates of an entirely different approach to car body production, containing the bonding of an aluminium frame to which would be attached—also by bonding—body panels moulded from plastic.

A process for volume production of cars using this process has been patented—but even Austin Rover admits it would be well into the 1990s until such processes could be widely used, not least because of the need to amortise conventional existing capital equipment, which would become largely redundant.

## Fuel saving

Other European producers, like Fiat, also see this as a likely approach of the future. It was one of the first companies to produce a prototype embodying the concept.

And Austin Rover, which drew on experience gained with its own ECVC concept car of the early 1980s, has done research indicating that the fuel saving enabled by such light vehicles (which can use smaller than normal engines) would allow whole life running costs cheaper than normal cars, even though the initial purchase price might be marginally more expensive.

The manufacturers of Japan are not sure. Certainly Mazda for one is making increasing, but selective, use of aluminium—but mainly in stressed components such as suspension components.

But the Japanese industry has a perhaps more jaundiced view of both plastics and aluminium than manufacturers in Europe or North America. Plastics are oil-based, and a high total energy input is required to produce aluminium compared with steel. Japan imports all its raw materials and its energy costs are exceptionally high. Electricity is particularly cheap in North America, and Europe is still less expensive than Japan.

So it is possible, that despite Japan's intensive new materials research efforts, it may end up being slower to introduce them than in the West.

But as one research scientist commented on at a recent Geneva technology conference, that is not something to be counted on.

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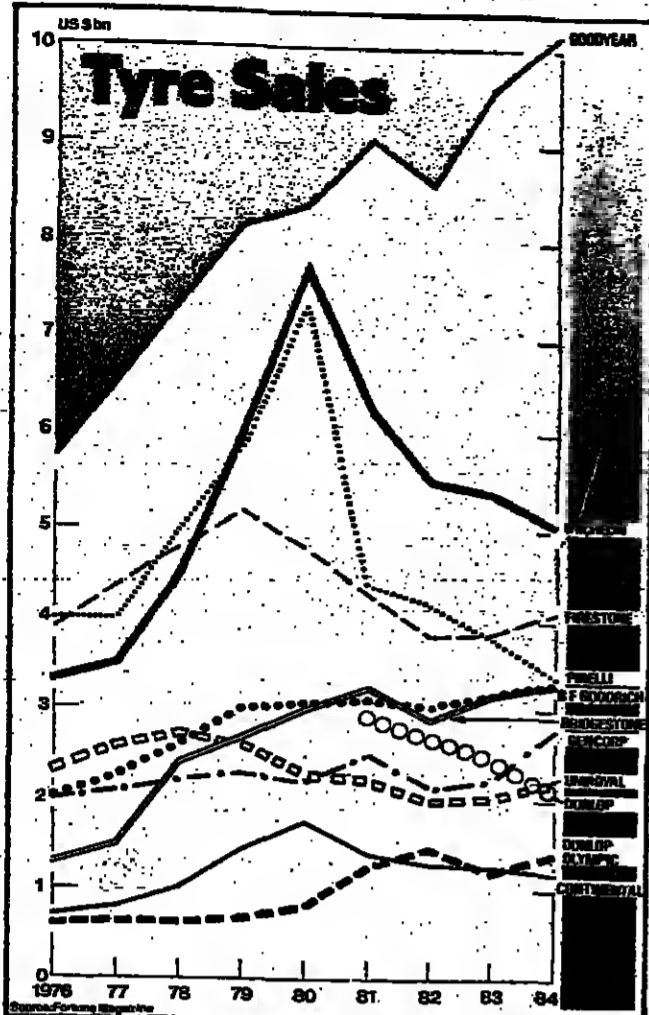
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## Difficulties of over-capacity

### Tyres

STUART MARSHALL

DESPITE SEVERE contraction over the past decade, Europe's tyre industry still suffers from over-capacity. This has led to cut-throat competition in the market by producers anxious to keep costly production facilities as fully used as possible, even though profit per unit sold may be minimal.

The situation closely parallels that of vehicle assembly, and has several root causes.

The replacement of crossply construction by the radial, now virtually complete, resulted in a product that lasted up to twice as long. The universal imposition of speed limits in the 1970s aggravated the decline in replacement sales brought about by the long-lasting radial.

Also, car makers modified their tyre policy. After years of trying to fit the smallest and cheapest tyre to high-volume cars for economic reasons, they began over-tyring cars to enhance customer appeal. Naturally, the bigger tyres wore out more slowly.

Imports from cheap labour countries in Eastern Europe and further afield have had a growing impact in the replacement market. A worrying trend for European makers is the decision by two German car makers to use Bridgestone tyres from Japan as original equipment on specialised models. And, which will use a Bridgestone tyre later this year as 100 per cent original equipment on its turbo Quattro coupe, is also talking to Yokohama of Japan.

The numbers will be small, at any rate to begin with, but the long-term implications are worrying because Europe's car makers have always bought European tyres, as original equipment, from the plants of such European or multi-national producers as Michelin, Goodyear, Pirelli, Continental, Firestone and Dunlop.

The majors control other brands that were once produced by separate companies which decided for financial reasons to come in from the cold.

Continental's Gumm-Werke, Germany's largest tyre maker, now has under its wing Uniroyal's European tyre production side and Semperit, the Austrian tyre maker. Cast is controlled by Pirelli and Kellogg by Michelin, which always had a substantial minority shareholding.

Other minor league tyre companies still leading a separate existence and surviving by niche marketing to both original equipment and replacement customers include Avon (the only all-British tyre company left), Vredestein of Holland, Askim (Norway) and Nokla (Finland). Their ranks have thinned in the past decade.

Who now remembers Metzeler or Phoenix tyres from Germany, or our own Henley, John Bull and India brands?

The small, and some not-so-small, makers were swept out of tyre manufacture by the competitive pressures that led to concentration and rationalisation by the large national and multi-national producers.

Almost without exception, every tyre company still surviving in its own right has shed production capacity on a substantial scale in the past 10 years in not always successful

attempts to return to profitability.

Dunlop closed plants at Speke in 1973 and Cork in 1982 and cut back savagely at its Fort Dunlop, Birmingham, headquarters, but still had to sell out to its erstwhile junior partner, Sumitomo of Japan.

Firestone closed its Wrexham and Brentford plants in the UK in 1980 and 1981, having already sold off its Swedish factory, and now makes tyres for European customers only in France, Spain and Italy. Goodyear shut down its heavily loss-making plant at Garzeadden, Scotland, in 1979, and concentrated UK production at Wolverhampton, Malvern, which was still expanding at a time when competitors could see the writing on the wall, slashed production facilities and labour force in Britain and France.

But for government intervention, Kleber in France and Ceat in Italy would have gone broke. In a mature market, Michelin is no longer head of the pack for quality though it still has a dominant share of non-European original equipment and replacement sales. Continental (including Uniroyal and Semperit), Goodyear, Pirelli (and Ceat), Dunlop (still a force to be reckoned with in Germany) and Firestone are the runners-up.

### Pioneered

The biggest change in the product in recent years has been the move toward ultra low profile tyres, pioneered most successfully by Pirelli. Originally introduced for very high performance cars, these ULP tyres are now fitted to cars of much more modest performance, partly to improve their handling and roadholding but also for cosmetic reasons.

Germany, as might be expected of a country which still has no speed limit on the autobahn network, fits higher speed-rated tyres to about 15 per cent of its vehicle output, by far the largest proportion in Europe.

Unorthodox tyres continue to appear but have so far made little headway. In the 1970s, Michelin turned its fingers badly on TRX, a low profile tyre of excellent performance but needing a special shape of rim and a millimetric, as opposed to inch, diameter wheel. After persevering for 10 years to get it accepted by the assemblers, Michelin gave up.

Dunlop had an equally depressing experience with its Denovo runflat tyre. In a bid to salvage something from the venture, Dunlop and Michelin jointly created the TD system. This uses a tyre like TRX on a Denovo-type rim and allows limited mobility after a sudden deflation.

The only car maker to have adopted TD as standard equipment is Austin Rover Group and that was the only one to adopt Denovo. The forthcoming Jaguar XJ-40 will also have TD tyres but the concept's future is not promising.

Continental is putting a lot of research and development into a radical design called CTS, for ContiTyreSystem. This tyre offers almost unlimited runflat capability and enhanced ride comfort but indifferent lateral stability. Continental is optimistic that CTS will be on some high-volume cars by the end of the decade but the automotive industry is adopting a wait and see policy.

Continental is well aware that it can only hope to succeed with CTS if other tyre makers agree to make it under licence.

## Doing away with the gearshift lever

### Transmissions

JOHN GRIFFITHS

BOTH CARS and commercial vehicles are moving towards a future in which the familiar gearshift lever could become obsolete.

By early next year, long delayed and after encountering more production engineering difficulties than were anticipated, the first cars to use a modern development of DAF's continuously-variable transmission are expected to arrive in the market.

On the commercial front, the AMT (automated mechanical transmission) now in an advanced stage of development by Eaton, the US-owned multi-national truck components producer, holds out the prospect of drivers being able to operate even the heaviest trucks, with 12 gears, by means of a simple control resembling a current car's automatic gearshift and with no manual clutch.

Ford is now firmly committed to the CVT transmission, which will be known as the CTV when it goes into production at Ford's Bordeaux plant later this year.

It will require drivers to accustom themselves to sensations behind the wheel entirely different from those experienced with manual or conventional automatic transmissions. For the CVT is designed to allow the engine to operate almost continuously within its most efficient range in terms of revolutions per minute, with the

transmission being left to change road speed via a system of steel belts and pulleys.

But for the steel belts, the transmission would probably have been in use two years ago. The belts are the key component but they have proved exceptionally difficult to engineer for volume production. Ford says most of the problems now appear to have been beaten.

The CVT to be built at Bordeaux is not exclusively a Ford development, but involves a licensing arrangement under which the Ford transmission will be built around components from Doorne, the Dutch transmission maker which originally developed the system for DAF cars—but using rubber drive belts.

Licences for the system have also been taken out by Subaru of Japan.

Under its arrangements with Van Doorne, Ford will have the right to sell the Bordeaux-produced transmission to other manufacturers. Fiat, a shareholder like Volvo in van Doorne, intends to use the unit in its Uno.

The Bordeaux unit is designed for cars of between one and 1.5 litres. General

Motors is working on one for larger-capacity cars, also using the van Doorne principle which it has said would be built at its Strasbourg plant.

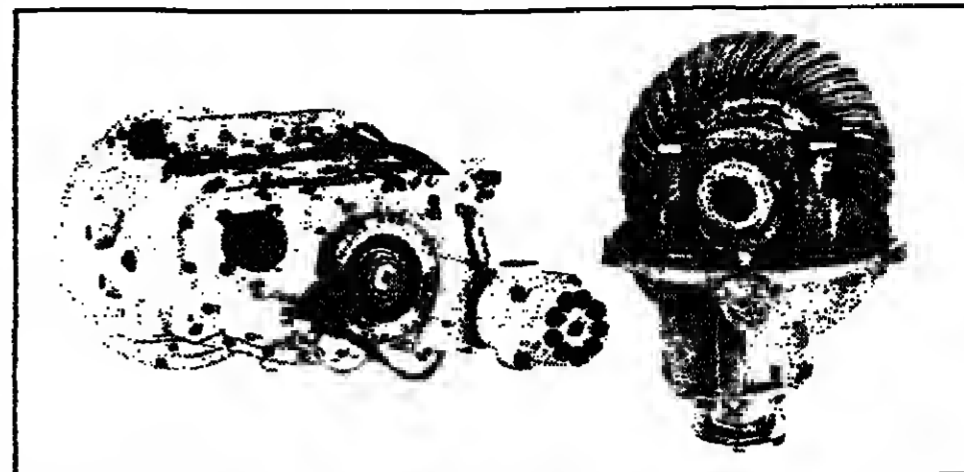
Despite its promise of being both easy to operate and offering better fuel economy and performance than conventional manual or automatic cars, the transmission is not expected to take new car markets by storm. Initial production is likely to be in small volume dictated by a still-cautious approach to the durability of the all-important drive belts.

Behind the CVT lies a complex saga of troubles confronting van Doorne's efforts both to develop the system and bring it into production at van Doorne's own facilities in Holland.

The company's long attempt to produce a durable system suitable for mass production has taken it into deep financial trouble and seen the structure of its shareholdings change frequently.

In the most recent shake-up, at the end of last year, the Dutch Government took a £10m loss in selling its 36.5 per cent stake in van Doorne to the Corporation for Industrial Projects, a venture capital company majority owned by the state.

The corporation acquired a total of 49 per cent of van Doorne, the other 12.5 per cent coming from Volvo of Holland,



Two new Eaton Corporation heavy truck components: the 13.44 hypoid drive axle (right) for vehicles up to 44 tonnes gross weight—axles with single reduction gearing and an optionally available differential lock—and (left) the new 4 x 3 twin-splitter transmission

which now has 27 per cent. The remainder is held by Fiat.

The three shareholders are injecting FFr 150m into Van Doorne to see it over the last production hurdles.

On the commercial vehicles front, Eaton regards its AMT unit as the third stage of a development programme which has already seen the emergence of a "twin splitter transmission"—the first product of a completely new range of transmissions and axles designed for applications worldwide and for

vehicles between 3.5 and 44 tonnes.

Developed by Eaton's European engineering operations, the twin splitter requires only four movements of the gear lever to move through 12 forward speeds. It is worked in conjunction with a three-position selector and adjustment of the throttle position. Trucks fitted with the system have covered well over 12m miles during testing.

An intermediate development of the twin splitter provides

semi-automatic operation. The driver signals his requirement for a particular gear by pushing the lever backwards or forwards. Clutch and throttle operation is electronically controlled during the shifting process. The only time the driver makes manual use of the clutch is when starting or stopping.

The advantage of the system, says Mr Keith Parmee, director of engineering, is much reduced effort by the driver while still leaving him in control of the decision when to change gear.

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## Vehicle Components 6

## A rapid increase in demand

## Electronics

JASON CRISP

TO PUT hundreds of thousands of components on a tiny microchip, the chips have to be made with enormous care in exceptionally clean and vibration-free conditions. Put them in a car and they have to be tough enough to be baked, frozen, sprayed in oil and vibrated for hours at a time.

Ten years ago the semiconductor manufacturers looked in delight at the potential demand from the car industry for their wares, and then in horror when they saw the specifications.

The standard demand is that a chip used in the engine compartment will operate reliably between -40°C and +120°C, up to 100 per cent humidity, be vibrated very fast at up to a 15G force, be dropped three feet on to cement, and survive salt spray, battery acid and oil. And above all they must be cheap; the car industry certainly would not pay military prices even if the specification was that tough.

Even if it was a tall demand the semiconductor industry recognised the potential sales and now electronics are an essential and increasingly important part of practically every car.

According to a recent report by London consultants Frost and Sullivan, the US market alone for automotive electronics will be worth \$6.8bn this year — and that excludes in-car entertainment systems. This is expected to rise to \$11.8bn by 1990.

Electronics in engine control systems have helped to make cars more efficient while still meeting tougher pollution laws, and devices such as anti-lock braking systems have made them safer. The growth has been dramatic in the past few years, particularly in the US. There the driving force has been the contradictory pressure to clean up exhaust emissions as well as laws requiring US companies to improve their overall fuel efficiency. Computer-controlled engine systems have been a critical factor in trying to achieve both.

But demand for all types of electronic equipment has risen very rapidly in the past few years, boosted by rapidly-falling prices, greatly-improved reliability and the consumers' growing taste for electronic devices together with the desire



The Carin navigation system uses dead reckoning based on information from wheel sensors and an electronic compass to tell the driver his route once the departure and destination points and special requirements have been fed in. Carin will direct the driver along, say, the shortest route, the most scenic or most economical with the aid of a computer and a compact disc

of car makers to differentiate their products by producing extra functions.

For example, in 1982 only 13 per cent of cars had cruise controls but by 1984 this was 51 per cent. Over the same period fuel injection rose from 13 per cent to 38 per cent, and digital clocks from 38 per cent to 63 per cent.

The examples of electronics in cars are numerous and diverse, ranging from keyless locks and digital clocks to ignition and fuel injection.

More than nine out of ten cars now made in the US have some form of electronic engine control. For instance, Ford's EEC-IV system, first introduced in 1983, can process nearly 1m engine control commands a second, taking data from six engine sensors. It has been developed so that it also can be used for diagnosing faults, and for transmission control.

In Europe, BMW and Mercedes-Benz have led the way with electronic anti-lock braking systems which have sensors on all four wheels and which momentarily cut the brake pressure as soon as one locks. This allows the driver to stop more quickly, particularly in bad conditions, and to steer even when braking in an emergency. Now Ford, in Europe and the US, is offering ABS and backing it with heavy promotion.

In Japan, Toyota has developed a micro-computer controlled suspension system which adjusts the damping forces of the car's four shock absorbers. The driver can choose between "normal" suspension and two "sport" settings depending on whether he or she wants comfort or speed.

The Toyota Electronic Modulated Suspension (TEMS) can also be set at Auto so that the

suspension changes according to the manner in which the car is being driven.

In France, Renault is offering a remote key system. A small transmitter in a box which can be hung on a conventional key ring will lock or unlock a car at up to 100 yards and the lights will flash to acknowledge your command.

Philips, the Dutch electricals giant which is a major supplier of in-car entertainment systems, is one of several companies developing navigation systems. Its Carin system exploits the enormous storage capacity of the compact disc. The silvery 5 in disc which would normally store an hour of Mozart can contain the entire road map of a country like Britain and includes every petrol station, restaurant and pub.

Initially connected to a compass and sensors on the wheels,

Carin will use a system of dead reckoning and a computer will tell the driver where to turn based on the information stored on a compact disc. Eventually it may be linked to a satellite navigation system such as the US Defence Department's \$5bn Global Positioning System. First production models are likely to be available from 1988.

Top range BMW models have a computer which continuously monitors a number of functions including the way in which the car is being driven. These enable the computer to tell the owner when the vehicle needs a service and the garage what work needs to be done.

In the US, the Buick Riviera has a television-type screen mounted in its dashboard which is touch-sensitive and can be used to control items as diverse as the radio, the air-conditioning and heating, and trip computer.

New developments on the way include multiplexed wiring, which removes the ever-growing size of the wiring loom, automatic load-leveling, satellite navigation, automatic temperature control and sophisticated anti-theft devices.

The largest producers of electronics for the US automotive industry are, almost certainly, the three giants, General Motors, Ford and Chrysler. GM's subsidiary, Delco Electronics, is a very large producer of electronics equipment. For example, it produces about 250,000 integrated circuits a day.

Frost and Sullivan estimate that Motorola is the largest merchant supplier of electronics to the US car industry for powertrain controls, followed by Bosch, Nipponenso and Hitachi. Powertrain controls represent by far the largest use of electronics in automobiles.

Frost and Sullivan also estimate that Bosch is the largest merchant supplier for vehicle controls followed by ITT and then Hitachi.

The convenience and safety which electronics can bring to cars is one of the fastest-growing areas. There are devices which include cruise control, automatic switching on of lights, push-button locks and windscreen wipers which adjust themselves to deal with the amount of rain automatically.

There is no doubt that electronics in the car are becoming as pervasive as they are in so many other areas of life. The automotive industry as a result has been one of the brighter spots in the depressed semiconductor sector.



Chloride production line and (inset) the Torquestarter, now selling successfully in the replacement market after struggling in vain to find acceptance as original equipment

## Tough competition

## Batteries

JOHN GRIFFITHS

THE WORLD market for automotive batteries is relatively static, at 160m-170m units. World output of cars last year was slightly under 32m, and commercial vehicle production substantially less, so the batteries industry is one heavily dependent on the replacement market.

It is thus intensely price-competitive, in the context of being primarily from the consumer's point of view—a distress purchase.

And in Europe this competition is heightened by the presence of substantial overcapacity, estimated by Chloride group—itsself in the middle of major restructuring to cut costs and improve margins—at about 40 per cent.

One of the more recent contributors to this overcapacity has been General Motors, whose AC Delco plant in France was brought into being to supply not only all its own vehicle plants in Europe, but to seek a strengthened aftermarket presence.

It has had a particular impact in the UK because of the huge resurgence of Vauxhall/Opel's fortunes. The company's battery business used to be shared between Lucas and Chloride, and was not desper-

ately important to either as Vauxhall's market dwindled to about 8 per cent in 1981. Now, however, Vauxhall has edged narrowly back into the market, with annual sales of about 300,000 units a year—and all batteries are sourced from AC Delco.

All Europe's leading battery makers keep their precise market shares close to their chests. But there is something of an industry consensus that Varta of West Germany is the European market leader, given its position in the heartland of Europe's most powerful motor industry. Second comes the French GCE Fulmen concern, second, Tudor of Spain third, Italy's Magneti Marelli fourth and Chloride fifth.

The European market remains segmented along primarily national lines, for the simple reason that batteries are exceptionally heavy in relation to both volume and unit value. So there is a strong disincentive to ship them for the long distances involved in cross-border trade.

This factor partly explains why, despite Japanese and other Far Eastern manufacturers' particular interest in motor industry products offering the prospect of high volume sales across a wide spectrum, there has been little attempt from them to compete for business in the sector.

This situation holds true for most of the original equipment

sector and in the aftermarket. And for as long as traditional lead/acid technology is retained, it is likely to remain the case. Chloride has made an effort to buck the trend with its Torquestarter battery—a car unit with its electrolyte absorbed within fluffy paper, which cannot leak. It is considerably lighter than conventional units and is sealed for life.

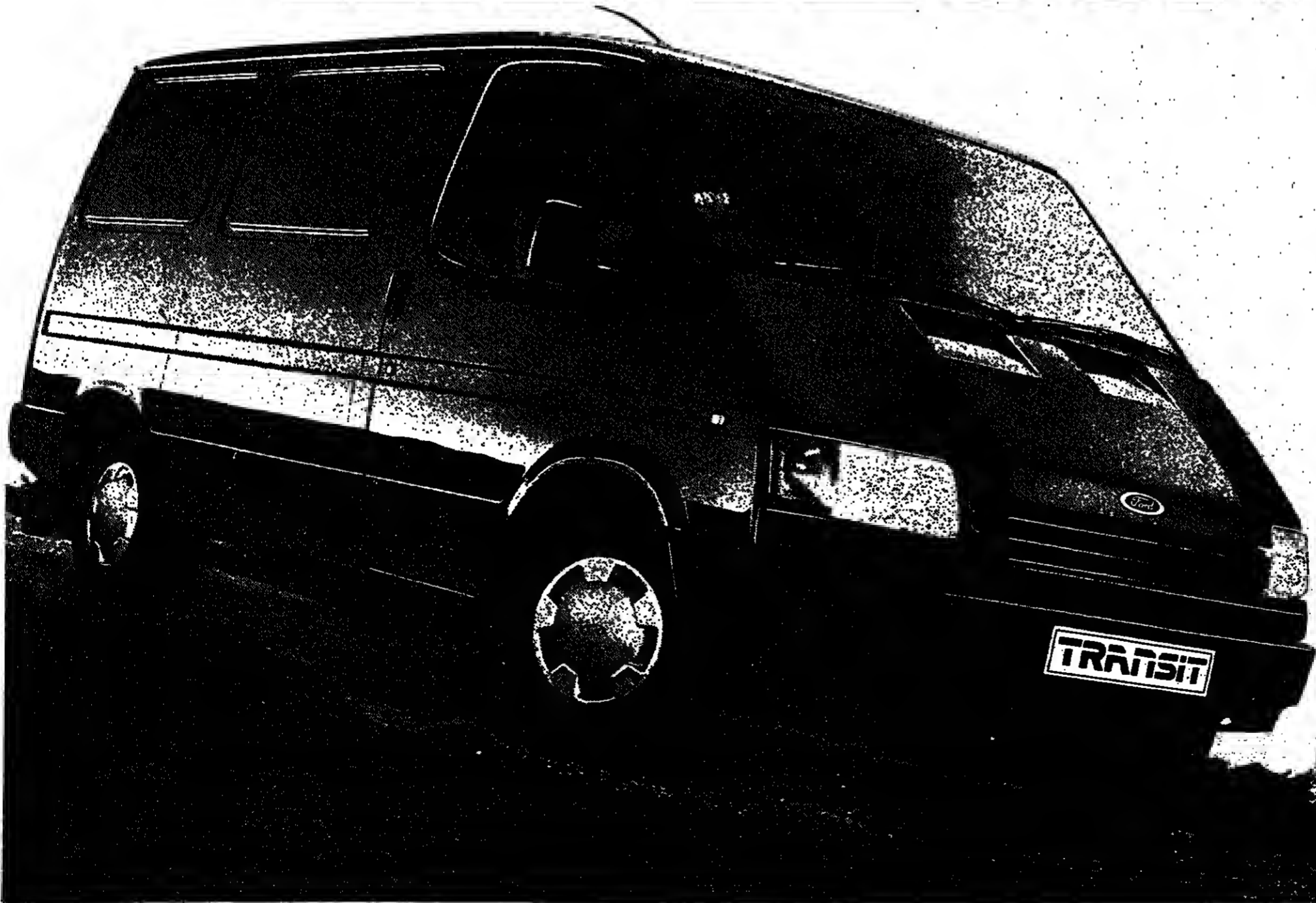
The thinking behind developing the Torquestarter was that vehicle makers could design it into a car in any location and would welcome the 20 per cent weight-saving, thus giving Chloride a clear commercial advantage. But the Torquestarter is three years old, and has yet to find an o/e customer.

It is now being sold, successfully, in the aftermarket as a premium product, pitched against rivals such as AC Delco's own Freedom battery, also sealed for life.

Like Unipart, with its Samson batteries, Chloride and AC Delco have made a firm pitch at the premium sector, endeavouring—unlike the bulk of the batteries aftermarket—to sell on technology rather than simply price.

But the aftermarket itself is changing, with the emergence of large, independent parts and accessories superstores such as Halfords and B & Q. And increasingly, they will have the muscle to impose margin pressures of their own.

# THE NEXT CHAPTER HAS BEGUN.



TRANSIT number one rolled off the Ford production line in 1965. Last year the astonishing figure of 2,000,000 was reached. Now the next chapter has begun.

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Ford have combined all the most successful features of the last twenty years with all the latest knowledge and technology. They've produced a Transit that's even more economical, yet has far greater loadspace and better load access. A vehicle with a higher level of comfort, but one that is even more rugged, even more reliable.

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The design concept is a classic. The cab, engine and loadspace are located in three separate compartments, so no one element interferes with the others.

Rear wheel drive is featured on all models, while for the first time short wheelbases have independent front suspension.

And to cut maintenance costs, self-adjusting mechanisms and lubricated-for-life components have been included in the design. Even the bonnet hasn't been overlooked — it opens higher and wider for easier access to the engine.

## STRETCHING FUEL ECONOMY BOUNDARIES.

Ford have also made the new Transit cheaper to run. Aerodynamics have been improved dramatically giving it a drag co-efficient that few others can equal. And the engines are among the most reliable and cost efficient on the road.

Add all this to the versatility and economy of Ford's own gearboxes and you've got a cost-cutting combination.

## TAKING LOADSPACE INTO ANOTHER DIMENSION.

As for loadspace, the new Transit boasts even more than its illustrious predecessor.

The long wheelbase features a semi-high roof with 297 cubic feet of loadspace — a 13.5% improvement. The short wheelbase has 11% more room than before with 202 cubic feet. But short wheelbase models also offer a semi-high roof option, boosting the overall loadspace improvement to 22%.

Access has also been improved. The rear doors are up to 9" taller and rear loading width is up to 5½" greater. And there's a new low-effort sliding side-door available that can easily swallow a metre-wide pallet.

## LEAVING YOUR OPTIONS OPEN.

Needless to say the new Ford Transit is a very versatile vehicle. It's available in van, chassis cab, bus and crew-bus models with a choice of seven payloads and three different wheelbases. With over a thousand Ford dealers spread across the country your options are also open when it comes to arranging a test drive. In the Ford Transit success story, the next chapter has begun.



THE NEW FORD TRANSIT.

John Griffiths

# SECTION II - COMPANIES AND MARKETS FINANCIAL TIMES

Friday April 4 1986

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## Challenge to Hiram Walker asset sale

By Bernard Simon in Toronto

HIRAM WALKER Resources, the Canadian energy and liquor group at the centre of a takeover battle, faced a legal challenge yesterday to plans to sell its wine and spirits division to the British food group, Allied-Lyons.

Olympia & York, the property and resources group with an 11 per cent voting interest in Hiram, has asked the Ontario Supreme Court to block Hiram's proposed C\$2.6bn (US\$1.7bn) sale of its liquor interests and to bar Hiram's investment in a new company controlled by Hiram and Allied-Lyons, from proceeding with a proposed offer for 50m Hiram common shares.

Both the sale of Hiram's liquor business and the Fingas offer are designed to foil a C\$1.5bn takeover bid for Hiram by Olympia & York's 80 per cent-owned subsidiary, Gulf Canada. Gulf has offered to buy 40m Hiram common shares and all class D preference shares, which would give it and Olympia & York a 53 per cent voting interest in Hiram.

Hiram's plans were also challenged in court yesterday by its largest existing shareholder, Interprovincial Pipe Line, which has agreed to support Gulf's bid. Interprovincial holds a 17 per cent interest in Hiram.

Olympia & York asked the court yesterday to order Hiram to produce the agreement with Allied-Lyons for the sale of its liquor business and to restrain it from investing C\$2bn in Fingas to finance the latter's offer for Hiram shares. It argues that Canadian law requires Hiram's directors to call a meeting of shareholders to ratify the dismemberment of the company.

It also contends that, by establishing Fingas, Hiram management is using company funds to set up a vehicle able to control the company indefinitely. Hiram would have a 49 per cent interest in Fingas.

The takeover battle took another twist yesterday with the disclosure that the world's largest distiller, Montreal-based Seagram, has also shown an interest in buying Hiram's liquor business.

Seagram's chairman, Mr. Edgar Bronfman, wrote to Hiram earlier this week indicating that Seagram was willing to offer a price "substantially in excess of that offered by any other potential purchaser." Mr. Bronfman's letter, contained in Olympia & York's court documents, complained that Hiram had withheld information from Seagram which it had provided to other suitors.

## Foreign bid for Canadair is dropped

By Our Montreal Correspondent

CANADAIR, the Federal Government-owned aircraft and defence products manufacturer, now has five potential bidders all of which would ensure that it remains in majority Canadian control.

The Federal Government has indicated that a consortium led by West German industrialist Justus Dornier is no longer in the running to buy Canadair. The other Canadian aircraft builder, De Havilland Aircraft of Canada, was sold effective January 1 to Boeing for C\$95m (US\$68.2m).

The five groups submitting proposals include Bombardier, the snowmobile and rail equipment manufacturer, Fleet Aerospace, an aircraft parts manufacturer, and Magna International, the largest Canadian auto parts producer.

The Government says it will make a careful analysis of all five potential bids through Canada Development Investment Corporation, the federal agency which owns Canadair. Then negotiations to complete privatisation will follow.

## ITT switching division chief replaced

By Paul Taylor in New York

ITT, the US-based multinational conglomerate, said that Mr. Harold Miller, who had headed the company's Raleigh, North Carolina-based telephone switching and transmission business, has been placed "on special assignment." Earlier this year ITT abandoned its efforts to adapt its flagship System 12 digital telephone switch to US standards.

Mr. Miller was placed on assignment to Mr. V. William Souveroff, an ITT senior vice president and director of its North American telecommunications operations. Mr. Souveroff, announcing the management change, said that Mr. Miller had been replaced by Mr. Vincenzo Russo, a former Sperry Rand and Philips manager who joined ITT in

## Special gains leave Credit Lyonnais earnings up 19.8%

By David Housego in Paris

CREDIT LYONNAIS, the second largest of the French nationalised banks, yesterday announced a 19.8 per cent increase in net profits for 1985 to FF4.42bn (\$61.8m). Operating income was marginally down, however.

The sharp profits rise was due mainly to a more favourable tax position and to savings on non-recurring items, such as allowances made for the introduction of a fifth week's paid holiday and for employee share participation schemes.

But net profits also rose despite a 6.2 per cent increase in provisions to FF5.19bn to cover risks on loans to developing countries - in part boosted in French franc terms by the decline in the dollar. Provisions on domestic lending declined because of the stronger position of French companies.

The bank's operating profits before depreciation and provisions declined, however, by 1.1 per cent to FF5.62bn.

As a result of the 20 per cent fall in the dollar over the year against the franc, operating profits from

overseas branches fell by 17.5 per cent to FF1.1bn.

Credit Lyonnais, one of the less profitable of the major French banks, is the first to report its 1985 results. Mr. Jean Delfassieux, the chairman, called them "acceptable, but no more" in a difficult year. Apart from the impact of the falling dollar, the bank also saw its revenue squeezed by disinflation and a slight shrinking of margins on its domestic business.

Mr. Delfassieux declined to be drawn on prospects for the privatisation of Credit Lyonnais - one of the three banks nationalised in 1985. He said that Mr. Edouard Balladur, the new Finance Minister, had told bankers last Friday that it was the Government which would implement privatisation and that it could take from months to years.

Over the year Credit Lyonnais considerably strengthened its previously weak capital base through issues of conventional or subordinated debentures and perpetual subordinated debt.

## WestLB operating profits up 23%

By John Davies in Frankfurt

WESTLB International, the Luxembourg subsidiary of Westdeutsche Landesbank, West Germany's biggest publicly-owned bank, increased its operating profits by 23 per cent to a record DM 1.5bn (\$83.5m) last year.

Alongside other banks operating in Luxembourg, WestLB International benefited from active bond trading and growing fee income from financial services.

It is paying a dividend amounting to DM 474m to its shareholders, based on parent bank - the first since 1980.

WestLB International said it took substantial account of risks arising from international loan business by allocating DM 97.4m to provisions and depreciation, increasing the total in hand for such purposes to DM 491.4m. In previous years it had put aside higher amounts for risk provi-

sions - DM 124m in 1984 and DM 117m in 1983.

Assets declined 1.5 per cent last year to DM 10.8bn, mainly because the lower US dollar affected the value of dollar-denominated assets.

Credit outstanding to non-bank customers fell to DM 4.8bn from DM 6.3bn, partly because of a selective approach to new lending. Claims on other banks rose to DM 3.5bn from DM 2.6bn.

West German banks - including the "big three" commercial banks, Deutsche Bundesbank and Commerzbank - have also indicated that their Luxembourg operations had buoyant results last year. The West Germans have traditionally built up considerable risk provisions in Luxembourg, partly with a view to tax advantages, although there have been suggestions that the need and scope for this may be diminishing.

## Court approves ESM creditors' settlement

By William Hall in New York

CUSTOMERS of ESM Government Securities, the small Florida-based government securities dealer whose collapse last year precipitated a run on the deposits of several Ohio savings banks, will recover \$35m of the \$320m they are owed.

A US Federal bankruptcy court judge in Fort Lauderdale, Florida, yesterday approved a settlement plan for creditors of ESM which closed its doors just over a year ago, causing a temporary crisis in the US financial markets.

The distribution, which will be made after the end of a 30-day appeal period, gives about 22 cents on the dollar to 17 municipalities and four savings and loans that had in-

vested through ESM. The state of Ohio, which is the liquidator for the failed Home State Savings Banks of Cincinnati, which had particularly close ties with ESM, will get \$10m of the \$152m it lost, or about 7 cents on the dollar.

As part of the settlement, American Savings and Loan, a Florida savings bank which was controlled by Mr. Marvin Warner, a Cincinnati financier who was also closely involved in the affairs of Home State and ESM, will pay \$5m to the ESM creditors fund. In return, the ESM trustee has dropped a suit against American Savings, which was intended to recover \$45m that American Savings withdrew from ESM in the final days before its collapse.

## American losses hit Baltica

By Hilary Barnes in Copenhagen

BALTICA Insurance of Denmark increased net profits from DKK 144m to DKK 589m (\$87.2m). Operating profits were down from DKK 148m to DKK 133m but there was a capital gain of DKK 914m compared with DKK 101m in 1984. A loss provision of DKK 480m was made to cover reinsurance losses. The dividend will be unchanged at 12 per cent.

The group said that it sustained substantial losses on its American reinsurance business and that the Danish indemnity business also produced unsatisfactory results.

An improvement in the quality of reinsurance risks and increases in domestic premiums, combined with efficiency measures, are expected to produce an improved operating profit in 1986, said the group.

## Consob tightens rules on options

By James Burton in Rome

THE CONSOR, the Italian stock exchange regulatory authority, has tightened up the rules governing trading in options on the Milan stock exchange. Options dealing is one of the main areas of speculative trading on the Milan market, where share prices have already risen more than 80 per cent since the beginning of this year.

Under the new rules, dealers who sell options must be able to prove that they are actually in possession of the options they are selling. Hitherto it was possible to sell an option and then seek to acquire a share certificate to deliver when the contract expired.

The Consob was alarmed by the wild fluctuations in the prices of options and by the possibility that those who had sold options they did not possess would be unable to deliver.

The measure marks a further tightening of the conditions governing dealing on the stock exchange. Since early this year purchasers of shares have been obliged to pay the full price of shares at the time of acquisition. Previously a 60 per cent deposit was sufficient. The Consob has also lengthened settlement periods to prevent rapid in and out transactions.

## Hoogovens lift profits and payout

By Our Financial Staff

HOOGOVENS, the Dutch steel maker, yesterday announced a 35 per cent increase in net profits for 1985 to Fl 278.8m (\$106m) from Fl 206.5m, on virtually unchanged sales of Fl 7,460m and production that was slightly down on 1984 in tonnage terms.

As a result of this increased profitability, the company is proposing a dividend of Fl 2.50 per Fl 20 nominal share, against Fl 1.80 a year earlier.

Costs were reduced to Fl 6.8bn from Fl 6.7bn on crude steel output that fell from 5.5m tonnes to 5.3m tonnes, as previously announced. Profits at the operating level rose to Fl 598.4m from Fl 588.3m. Financial charges were sharply down at Fl 169.4m against Fl 216m, while there was an extraordinary loss of Fl 138.1m last year.

A prospectus giving details of the proposed rights issue is due to be published on April 23. Hoogovens' improving profitability has helped the Dutch Government's plans to reduce state holdings in industry.

## VMF-Stork recovery continues

By Laura Raun in Amsterdam

VMF-STORK, the Dutch machinery manufacturer, lifted its earnings by 27 per cent to Fl 38.2m (\$15m) last year and is raising its dividend by Fl 2 to Fl 8 a share.

The coating and printing products and industrial products divisions contributed to the profits rise, while food processing and packaging equipment posted a loss. Sales fell 10 per cent to Fl 2.01bn last year.

VMF-Stork, which resumed a dividend payment for the first time in a decade last year, predicted that profits would rise again this year.

After its recovery from losses in 1979 and 1980, the company recently agreed to repay early Fl 80m in government aid that was originally due to be paid off by 1983. Repayment will end the Government's special dividend rights.

future. Mr Braverman recently resigned as an ITT senior vice president but remains with the group. The management changes at ITT Telecom North America are the latest in a string of management upheavals at ITT. Shortly before ITT announced the System 12 decision, Mr. William Smith, ITT's chief technical officer, resigned to return to Bell Labs expressing frustration with co-ordinating development groups working on System 12.

Subsequently, ITT named a series of new senior appointments to its European Telecommunications, including Mr. Gerhard Zeidler who took over Mr. Smith's other post as general technical director of ITT Europe.

## GPA to treble equity with share placement

By Charles Batchelor in London

GPA GROUP, which claims to be the largest aviation leasing company in the world, yesterday announced it had almost completed a \$125m private share placement in Japan, the US and Britain.

This deal will treble GPA's equity to \$190m and give it a financial base to expand its operations over the next five years.

It initially intended to raise \$100m but the placement of 9.5 per cent convertible preferred shares was oversubscribed. GPA has completed the placing of \$115m worth of shares and is finalising negotiations for a further \$10m.

GPA at present owns or has leased in 50 aircraft with a book value of \$240m, while it has a further 42 on order, 20 on option and 121 under negotiation.

It plans to increase its airline fleet to 263 aircraft, worth \$3.8bn, in 1991, by which time it would have a

3 per cent stake of the world airline fleet and 20 per cent of the leasing market.

The largest investor in the private placement is The Long-Term Credit Bank of Japan which, in association with Japan Leasing Corporation and Kawasaki Enterprises has contributed \$55m.

The other investors are the Prudential Insurance Company of America with \$35m, General Electric Credit Corp with \$15m, Morgan Grenfell with \$5m, First Boston with \$2m and GPA employees with \$3m. A group of other small investors is expected to take up a further \$10m.

Two of GPA's existing shareholders have reduced their holdings to bring in the Mitsubishi group as a shareholder with a 22 per cent stake.

Japanese groups have been looking for a chance to break into the international aviation leasing market for some time. By taking a stake in GPA they gain access to its expertise while GPA is secure in

the knowledge that they are not setting up operations to rival its own.

GPA may publicly list its shares on the London or US stockmarkets in three or four years' time. Its new shareholders are not expected to convert their preferred shares into equity until the flotation.

As a result of the share placing and the sale of shares to Mitsubishi, GPA's four main shareholders are Air Canada, with 26 per cent, Guinness Peat the British financial services group (23 per cent), Mitsubishi (22 per cent) and Aer Lingus the Irish airline (17 per cent).

GPA, which was originally known as Guinness Peat Aviation, was set up in 1975 in Shannon, Ireland by Aer Lingus, Guinness Peat and Mr. Tony Ryan, a former executive of Aer Lingus.

It made an estimated profit of \$25m in the year ended March 1986 compared with \$17m in 1985. It had gross assets of \$399m at the end of March.

A GPA subsidiary, Air Tara, operates and maintains aircraft for GPA's leasing customers.

## Canadian dealers set up equity fund

By Our Toronto Correspondent

SEVEN leading Canadian securities dealers have established what is understood to be the first jointly owned mutual fund management company in North America.

The Toronto-based joint venture, known as Sentinel Investment Management, this week launched its first mutual fund, the Sentinel Canada Equity Fund, which will invest primarily in Canadian shares.

Sentinel has appointed four investment consultants to act as portfolio managers. The managers' performance will be evaluated periodically by a Connecticut-based in-

vestment adviser, Tremont Partners. Mutual fund assets will be allocated equally among the four managers.

The seven investment dealers which have joined forces in Sentinel are Burns Fry, Dominion Securities, Pitfield, McLeod Young Weir, Nesbitt Thomson, Bannard and Wood Gundy, all of Toronto; Richardson Greenfields of Winnipeg; and Pemberton Houston Willoughby of Vancouver.

Between them, the member firms have 300 offices and a salesforce of 3,500. The joint venture also enables them to trim costs.

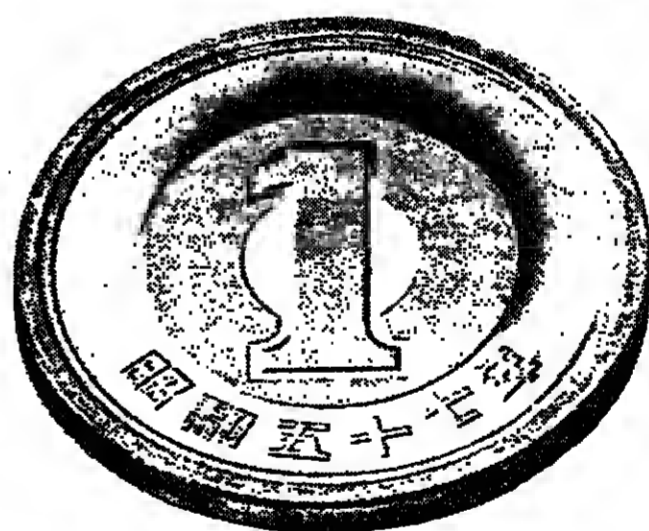
The seven companies have previously co-operated to promote Sentinel stripped coupon bonds.

Great Lakes, a financial services company controlled by the diversified Brascan group, said it will take a 50 per cent interest in a mutual fund administration and distribution company at present wholly owned by the Toronto investment consultancy Connor Clark and Lunn.

Merrill Lynch Canada and Canadian Imperial Bank of Commerce are minority shareholders in Great Lakes.

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December 1985

## INTERNATIONAL COMPANIES and FINANCE

### Pan Am to acquire Ransome Airlines

BY PAUL TAYLOR IN NEW YORK

PAN AM, the US airline, is to acquire Ransome Airlines, a small Philadelphia-based regional carrier, in an effort to generate more passenger traffic for its international routes.

The deal is the latest in a series of planned mergers announced by major US airlines and mirrors Trans World Airways' (TWA) recently announced plans to acquire Ozark Airlines.

Pan Am, which competes directly with TWA on the lucrative transatlantic routes, declined to disclose terms of its planned purchase. Mr Edward Acker, Pan Am's chairman and chief executive, said the acquisition was expected to be completed by April 15 with full operation aimed at the start of June.

Ransome, which will be renamed Pan Am Ransome Express upon completion of the deal, operates a fleet of 12 small airliners and has a route system concentrated in the north-east, stretching from Portland, Maine, to Washington DC.

Mr Acker said Pan Am plans to use its new subsidiary to set up a feeder system generating business

for the airline's New York Kennedy Airport international routes. Mr Acker, noting that about 70 per cent of Pan Am's business is international, added, "a key element of Pan Am's marketing strategy is to increase its US domestic feed."

The proposed acquisition, such as the other recently announced US airline mergers, is subject to regulatory approval. Earlier this week, the US Justice Department announced that it was opposing the planned \$884m merger of Northwest Airlines and Republic Airlines on anti-trust grounds. However, both Northwest and Republic are based at Minneapolis/St Paul, and many of the Justice Department's objections revolve around the two airlines' dominant position in that marketplace.

In any event the US Transportation Department has final authority for approving or rejecting all airline mergers, and most industry analysts doubt whether the Administration will stand in the way of the sweeping restructuring of the US airline industry.

### Phillips Petroleum to seek more than 2,000 job cuts

BY OUR FINANCIAL STAFF

PHILLIPS Petroleum, the US integrated oil concern, hopes to reduce its workforce by between 2,000 and 2,500 in response to the changing economic climate in the oil industry.

The heaviest cuts will come in the company's exploration and production operations, due mainly to a sharp cut in exploration spending. Mr Glenn Cox, president and chief operating officer, said exploration and production staffing in Bartles-

ville, Oklahoma - the Phillips headquarters - and in Denver, Houston and London would be most affected.

Mr Cox said the company was not requiring an across the board reduction, but "we anticipate that when all the individual groups and staff plans are implemented, we will have reduced our total workforce by 2,000 to 2,500." The workforce now totals 26,700.

● Shell Canada, the big Canadian

energy group, has reached agreement with the Alberta Government on a tax regime to allow a C\$250m (US\$187m) pilot tar sands mining project to go ahead, writes our Montreal Correspondent.

The project, at Shell's Athabasca property in northern Alberta, will have a daily capacity of 7,500 barrels of bitumen. Plant construction is due to begin in 1988 and to be completed in 1990.



Extract from Accounts at 31st December, 1985

	1985 £000	1984 £000
Issued Capital		
and Capital Reserve	16,234	14,757
Retained Profits	13,399	11,745
Subordinated Loans	15,248	18,949
Deposits	475,125	489,734
Loans	297,216	373,271
Total Assets	527,399	548,311
Profits before Taxation	4,210	4,184
after Taxation	3,130	2,513

### Japan International Bank Limited

Shareholders

The Fuji Bank The Mitsubishi Bank  
The Sumitomo Bank The Tokai Bank  
Daiwa Securities The Nikko Securities  
Yamaichi Securities

107, Cheapside, London EC2V 6BR

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SWITZERLAND

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**ITSUI REAL ESTATE  
DEVELOPMENT CO., LTD.**  
(Mitsui Fudosan Kabushiki Kaisha)

7 1/2 per cent Convertible  
Bonds Due 1996

Pursuant to Clause (B) and (C) of the Trust  
Deed dated 12th December, 1980 under  
which the above Bonds were issued, notice  
is hereby given as follows:

1. On February 21, 1986, and on March  
28, 1986, the Board of Directors of the  
Company resolved to issue new convertible  
bonds in Japan on April 14, 1986.

2. The conversion price of the Bonds  
as in effect on the date hereof is Yen 448.10  
per share of Common Stock.

3. The aforesaid issuance of convert-  
ible bonds will not result in an adjustment  
of the conversion price of the Bonds.

**ITSUI REAL ESTATE  
DEVELOPMENT CO., LTD.**  
By: The Bank of Tokyo  
Trust Company  
as Trustee

Dated: April 2, 1986

### Brasilvest S.A.

Net asset value as of  
31st March, 1986

per Cr\$ Share: 196,834,083.59

per Depositary Share:  
U.S.\$42.273

per Depositary Share:  
(Second Series)  
U.S.\$28,200.37

per Depositary Share:  
(Third Series)  
U.S.\$22,586.89

per Depositary Share:  
(Fourth Series)  
U.S.\$21,053.79

All these securities having been sold, this announcement appears as a matter of record only.



### Province de Québec

U.S.\$250,000,000 9 per cent. Bonds 2016

Issue price 99 1/4 per cent.

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Credit Suisse First Boston Limited

Union Bank of Switzerland (Securities) Limited

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Swiss Bank Corporation International Limited

Orion Royal Bank Limited

IBJ International Limited

Lévesque, Beaubien Inc.

NEW ISSUE

This announcement appears as a matter of record only.

27th March, 1986

## OMRON OMRON TATEISI ELECTRONICS CO. (Tateisi Denki Kabushiki Kaisha)

U.S.\$100,000,000 4 per cent. Guaranteed Bonds due 1991  
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Warrants

to subscribe for shares of common stock of Omron Tateisi Electronics Co.  
unconditionally and irrevocably guaranteed by

**The Mitsubishi Bank, Limited**

Issue Price 100 per cent.

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The Nikko Securities Co., (Europe) Ltd.

Mitsubishi Finance International Limited

Hill Samuel & Co. Limited

Baring Brothers & Co., Limited

Berliner Handels-und Frankfurter Bank

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April 1986

## INTL. COMPANIES &amp; FINANCE

## Sharp increase in group profits at Cheung Kong

BY DAVID DODWELL IN HONG KONG

CHEUNG KONG, the Hong Kong holding company controlled by Mr Li Ka-shing yesterday reported consolidated net profits for last year of HK\$551.7m (US\$70.7m) more than 2½ times the 1984 profit of HK\$213.5m which had been depressed by a number of major provisions.

The majority of Cheung Kong's profit—about HK\$474m—resulted from a strong performance by Hutchison Whampoa, the trading property and utilities group in which it holds a controlling 35.1 per cent stake. In 1984, Hutchison contributed HK\$330m.

A strong inflow of cash in

1985 left the group debt-free, Mr Li said yesterday. He predicted that the group "will prudently review investment opportunities" in 1986.

Among the group's main operations, Green Island Cement has reduced operating losses, while the Hilton Hotel in Hong Kong's central business district improved profits by 27 per cent, Mr Li said. He reported a gradual recovery in the property market, and predicted that the 19 projects due for completion this year will contribute to group profit.

During 1985, the group disposed of its 31 per cent holding in International City Holdings

(ICH) "at a modest profit," thought to be around HK\$80m. It was a HK\$90m provision against lower property values in ICH which last year accounted for the lion's share of extraordinary losses of HK\$112m.

Against last year's extraordinary losses were gains amounting to just over HK\$65m made up of write-offs in Green Island Cement, and a loss on the sale of a stake in Lee Hing, a property group.

The board is recommending a total dividend for the year of 57 cents a share, a 27 per cent improvement on the 45 cents paid in 1984.

## Bell set to launch fresh BHP bid

BELL RESOURCES, Mr Robert Holmes & Court's Perth-based company, said yesterday it had lodged a fresh takeover document seeking to bid for shares in Broken Hill Proprietary (BHP). Reuter reports from Melbourne.

Full details of terms and price would be announced on registration, Bell said in a notice to the Melbourne Stock Exchange. It indicated, however, that the new offer would be designed to overcome objections raised by BHP in recent litigation in the Victoria Supreme Court.

Bell said it had chosen to assume the validity of BHP's objections rather than engage further in the commercially wasteful exercise of contesting the issues raised.

Last week Bell dropped its previous partial offer, which aimed for between 20 per cent and 34 per cent of BHP on top of its current stake of nearly 19 per cent. The withdrawal followed a month of litigation prompted by BHP challenging Bell's initial offer document.

The offer would be made on a cum-dividend basis, entitling Bell to the BHP final dividend, payable on May 28, and yet to be declared. Consequently, it would be made only if it could be despatched to shareholders on or before April 22, Bell added.

If the announced date for payment of the BHP dividend is altered, the offer would be made only if it could be despatched at least five weeks before that date.

An extraordinary meeting of Bell Resources to consider a placement of shares to Bell Group, its parent—which was adjourned for a month from March 18—has been cancelled, Bell's statement went on.

## India drops dividend tax proposal

MR VISHWANATH PRATAP SINGH, the Indian Finance Minister, has announced the withdrawal of a controversial proposal in the 1986-87 budget imposing a tax on dividends earned from investments by one company in another, Reuter reports from Delhi.

He also offered concessions on excise duties which, he said, would mainly benefit small businesses. The budget is expected to be formally approved by Parliament next month.

The withdrawal of the dividend tax is expected to boost investment in stock markets, brokers said. But they added that the Government had not withdrawn another controversial measure, known as modified value added tax.

## Malaysia monitoring move to curb share offers

THE MALAYSIAN Government will in future closely monitor company listings on the Kuala Lumpur Stock Exchange (KLSE), to prevent too many public share offers, Reuter reports from Kuala Lumpur.

The exchange's Capital Issues Committee (CIC) said priority would be given to companies involved in tourism, manufacturing, agriculture and export-oriented activities.

The exchange's supervises the local securities industry, temporarily froze new listings on the KLSE last February. Since then only three new listings have been permitted.

The CIC said it was now studying applications from some companies for listing. It said the CIC had issued a set of guidelines.

● The KLSE plans to launch a

single composite stock market index today to replace its present six-sector index, the CIC added.

The new KLSE Composite Index was being introduced because the present one was outdated and did not fully represent all segments of a changing local market, it said.

The 83-component index is intended to reflect share performance more closely, he said, and investor expectations and be indicative of government policy and economic changes.

● Shell Refining Company, a member of the Royal Dutch/Shell group, said its net profit rose to 39.6m ringgit (\$5.1m) in 1985 from 36.4m ringgit. Turnover rose to 1.81bn ringgit from 1.75bn ringgit.

The final dividend was unchanged at 11 cents, making 17 cents for the full year against 16 cents in 1984. Payment date is June 2 for shareholders registered on May 9.

## Philippine National Oil boosts net earnings

BY SAMUEL SENOREN IN MANILA

PHILIPPINE NATIONAL OIL COMPANY (PNOC), the state energy development agency, boosted net profits by 11 per cent last year to 800m pesos (\$40m) on sales which rose 5.5 per cent to 21.9bn pesos.

Mr Gerónimo Velasco, PNOC chairman, fled abroad after Mr Ferdinand Marcos was ousted as President in February. The new Government of President Corason Aquino plans to return the company to the private sector.

The company is under investigation by a special anti-corruption commission established by Mrs Aquino. It is alleged to have paid excessive commissions on freight rates to shipping

agents which arranged charters to transport imported oil from 1975 up to last year.

The anti-corruption commission obtained documents showing that PNOC, under Mr Velasco, paid commission in excess of the standard rate of 2.5 per cent.

In at least 57 out of 193 charters arranged since 1975, the commissions paid ranged from 5 per cent to an unusually high 8.25 per cent.

PNOC is now headed by Mr Vicente Pateron, the former Trade and Industry Minister, who accepted the post offered by Mrs Aquino on a caretaker capacity for at least three months.

## Singapore seeks extradition of Pan-Electric executive

BY JOYCE QUEK IN SINGAPORE

THE Singapore Government has begun extradition proceedings in the US against Mr Peter Tham Wing Fai, a central figure in the failed Pan-Electric Industries.

Mr Tham was traced to Seattle, Washington, by the Federal Bureau of Investigation a fortnight ago. The Singapore authorities have issued a warrant of arrest for alleged criminal breach of trust and stock market manipulation.

Pan-Electric was the marine salvage, property and hotel group that collapsed under the weight of \$840m (US\$163.5m) debts and \$814m in forward share contracts, leaving the shakeup of the Singapore and Malaysian stockbroking industries.

As a former director of a stockbroking firm and of the Pan-Electric group, Mr Tham was in a position to influence investment decisions of the group.

Singapore prosecutors have said that the group's collapse was the result of a conspiracy to use funds of companies in the group without obtaining board approval.

Mr Tan Kok Liang, the former Pan-Electric finance chief, pleaded guilty to two charges of criminal breach of trust involving \$854,000 and is now serving a 15-month sentence.

Mr Tan Koon Swan, the Malaysian politician-businessman, is due to stand trial on May 5 on 15 charges ranging from criminal conspiracy.

## DAIWA EUROPE LIMITED

## JAPANESE EQUITY WARRANTS SERVICE

ISSUER—Warrant expiry date	Current Market Price	Warrant Price	Warrant Share	Other Calculations
AIKA KOGYO 17/8/90	54.00	55.00	800	25.20 2.71 17.58
AIJIMOTO 3/12/90	56.50	58.00	1,500	8.28 2.74 18.03
AKI CORP 8/3/91	33.50	35.00	701	35.85 2.88 -0.82
CASIO COMPUTERS 6/3/89	66.50	67.00	1,510	13.82 2.58 43.07
C ITOH (New) 4/5/89	12.50	13.00	464	8.42 2.98 83.23
C ITOH (Old) 20/1/87	74.00	75.00	464	8.15 2.42 62.03
DOWA MINING 20/7/90	21.50	22.00	531	69.15 4.02 -40.89
FUJIKURA CABLE (Old) 28/4/89	41.50	43.00	420	31.53 2.36 12.48
FUJIKURA CABLE (New) 20/2/91	69.00	70.00	420	27.73 2.12 10.70
FUJITSU 31/1/91	41.00	42.50	1,050	36.71 2.56 2.54
GAZTEC LTD 31/1/90	53.00	54.50	798	11.42 2.61 28.74
HANWHA 14/5/91	80.00	81.50	861	26.48 3.40 1.35
HAZAMA GUMI 1/11/89	24.50	25.00	407	39.37 4.51 -20.19
JAPAN SYN RUBBER 28/4/89	34.50	35.00	388	74.53 4.33 13.06
JUSCO 32/12/88	250.00	254.00	1,140	24.48 2.11 22.08
KAWASUMI INDUSTRIES 15/2/89	45.00	46.50	322	16.77 3.27 21.10
KOBEL STEEL 15/10/89	61.00	62.50	2,280	22.70 2.59 25.82
KOKUSAI KOGYO 19/9/90	61.00	62.50	2,280	22.70 2.59 25.82
KOMORI PRINTING 20/12/89	97.50	99.00	2,230	2.72 23.08 1.04
MARUBENI 30/6/92	69.50	70.00	720	8.51 2.89 51.29
MARUZEN 12/2/90	69.50	70.00	720	8.51 2.89 51.29
MATCHEL 15/1/89	100.00	101.00	861	18.59 2.37 80.65
MIT CHEMICAL 20/1/87	144.00	145.00	863	5.00 1.76 135.00
MIT CHEMICAL 7/1/88	63.50	65.00	211	5.23 2.86 55.26
MIT ESTATES 15/1/89	127.00	128.00	1,327	32.68 2.57 1.74
MIT GAS & CHEM 20/3/89	45.00	46.50	380	14.88 3.22 24.53
MIT HEAVY 30/1/91	35.00	36.50	388	28.62 3.14 6.02
MIT METAL (Old) 10/2/89	100.00	101.00	861	6.66 2.30 2.51
MIT METAL (New) 10/11/89	21.50	22.00	557	47.18 4.85 -27.46
MITSUBI E/SHP (New) 10/12/87	21.00	21.50	142	18.90 5.88 -2.90
MITSUBI PETROCHEM 15/2/90	82.00	83.00	695	1.53 2.63 82.30
NIPPON MINING (Old) 17/3/90	101.00	102.00	454	14.59 1.88 72.23
NIPPON MINING (New) 15/9/90	35.50	36.00	454	32.94 3.59 -6.72
NIPPON OIL 5/3/91	35.00	36.50	550	36.79 2.67 4.20
NIPPON YUBEN K K 18/10/90	50.00	51.00	449	15.59 2.50 25.24
NISSHO IWA 1/2/88	60.50	62.00	409	0.97 3.08 60.16
NOMURA SECURITIES 31/10/88	200.00	202.00	1,870	4.28 1.71 23.62
ONODA CEMENT 28/2/90	66.00	67.50	428	20.26 2.65 30.84
OPTEC DAI-ICHI 33/2/90	36.00	37.50	670	17.96 4.13 3.72
OSAKA TRANSFORMER 29/1/90	35.00	36.50	670	17.96 4.13 3.72
PABCO 18/3/91	33.50	35.00	1,070	34.47 2.97 0.38
RENOWN (Old) 24/1/89	41.50	43.00	670	17.96 4.13 3.72
RENOWN (New) 14/2/91	33.00	34.50	670	25.73 2.89 8.10
RICOH 20/8/90	53.00	54.50	529	34.53 2.60 5.94
RYOBI LTD 28/6/90	38.50	40.00	410	31.36 3.30 2.01
SEINO TRANSPORT 17/3/89	66.50	68.00	1,150	11.14 2.84 48.80
SEIYU STORES 20/3/87	136.00	141.00	1,180	10.50 1.73 115.32
SEKISUI CHEMICAL 20/9/90	100.00	101.00	820	8.73 2.81 80.48
SONY CORPORATION 26/4/90	39.00	40.50	3,900	47.27 3.00 -18.08
SUMI CONSTRUCTION 24/3/89	120.00	125.00	354	8.20 1.86 103.82
SUMI CORPORATION 24/1/91	38.00	39.50	354	26.59 3.08 7.44
SUMI HEAVY 24/2/89	27.00	28.50	212	27.04 4.39 -5.31
SUMI REALTY (Old) 21/11/89	215.00	220.00	1,400	11.50 1.80 59.73
SUMI REALTY (New) 13/12/90	65.00	66.50	1,400	61.40 2.35 -17.94
TATEHO CHEMICAL 16/1/91	33.00	34.50	670	25.73 2.89 8.10
TOKYO ELECTRIC 14/3/89	26.00	27.50	1,230	28.74 3.29 1.74
TOKYO SANYO 5/6/87	150.00	155.00	545	78.24 1.02 33.05
TOKYU CONSTRUCTION 16/3/91	41.50	43.00	837	40.22 2.39 1.72
TOKYU CORP (Old) 23/1/90	225.00	230.00	878	16.57 1.86 240.67
TOKYU CORP (New) 20/10/90	70.00	71.50	878	10.93 2.43 52.85
TOKYU DEPT STORES 20/7/90	82.00	84.50	720	12.55 2.28 19.52
TORAY INOS (Old) 6/3/87	40.00	41.50	670	25.73 2.89 8.10
TORAY INOS (New) 10/12/90	30.00	31.50	670	27.18 2.97 7.82
TOYO ENGINEERING 23/2/89	52.00	53.50	670	25.73 2.89 8.10
YAMAMURA GLASS 6/5/90	32.50	34.00	420	43.68 4.58 -24.76
YAMATO KOGYO 29/1/90	29.00	30.50	388	32.13 4.28 11.48
YAMAZAKI 15/3/90	42.00	43.50	670	46.47 2.73 1.02

Further information from: Reuter Monitor DABF/G/H/I/J/K/L - Further information from: Freddy Glock or Beverly Kelly on 01-226 8000

Daiwa Europe Limited, 14 St Paul's Churchyard, London EC4M 8BD

All of these securities have been sold. This announcement appears as a matter of record only.

March, 1986



## America West Airlines

\$80,000,000

7½% Convertible Subordinated Debentures Due 2011

Interest Payable on April 1 and October 1

The Debentures are convertible into Common Stock of the Company at any time prior to maturity unless previously redeemed, at \$14 per share, subject to adjustment under certain conditions.

L. F. ROTHSCHILD, UNTERBERG, TOWBIN, INC.

DEAN WITTER REYNOLDS INC.

U.S. \$100,000,000  
The Sumitomo Trust Finance (H.K.) Limited  
(Incorporated in Hong Kong)  
12½% Guaranteed Notes Due 1992

NOTICE IS HEREBY GIVEN that pursuant to Condition 5(c) of the Notes, US \$1,000,000 principal amount of the Notes has been drawn for redemption on 6th May, 1986, at the redemption price of 101½ of the principal amount, together with accrued interest to 6th May, 1986. The serial numbers of the Notes drawn for redemption are as follows:—

2	1408	2055	2785	3945	4619	5536	6720	8608	9905	10560	11625	12864	13667	14565	15375	16687	17588	18426	19045
32	1490	2060	2855	3959	4720	5712	7163	8734	9940	10671	11892	12896	14084	14638	15476	16771	17606	18442	19088
83	1542	2085	2889	4075	4955	5722	7167	8763	9976	10757	12009	12943	14082	14711	15555	16918	17772	18603	19093
196	1551	2100	2903	4192	4965	5948	7321	8905	10063	11031	12033	13003	14111	14719	15964	17009	17912	18686	19213
710	1648	2138	2993	4215	5014	6029	7473	9163	10064	11068	12163	13082	14131	14968	16039	17017	18212	18742	19275
790	1660	2298	3086	4231	5038	6062	7537	9372	10085	11166	12230	13086	14213	15078	16074	17082	18229	18798	19323
890	1702	2427	3227	4233	5123	6083	7580	9451	10215	11191	12241	13249	14222	15117	16079	17131	18244	18829	19477
899	1835	2442	3342	4231	5276	6492	7679	9454	10235	11362	12427	13526	14300	15210	16179	17409	18254	18839	19681
1060	1843	2528	3333	4334	5394	6655	7852	9483	10322	11506	12668	13619	14350	15337	16229	17479	18294	18856	19710
1350	1965	2637	3926	4614	5501	6714	8065	9682	10479	11535	12765	13636	14400	15164	16654	17531	18424	18953	19952

On the 6th May, 1986, the said redemption price will become due and payable upon each Note to be redeemed, together with accrued interest from 20th February, 1986 to 6th May, 1986 amounting to US \$133.30 per US \$5,000 Note. On and after that date, interest on the said drawn Notes will cease to accrue. Payment of the Notes to be redeemed will be made on or after 6th May, 1986 upon presentation and surrender of the said Notes, with all coupons appertaining thereto, at the office of any of the Paying Agents mentioned hereon. After 6th May, 1986 US \$17,000,000 principal amount of Notes will remain outstanding.

The Chase Manhattan Bank, N.A., London,  
Fiscal and Principal Paying Agent

4th April, 1986

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE

1st April, 1986



¥10,000,000,000

## KAWASAKI STEEL CORPORATION

7½ per cent. Dual Currency  
U.S. Dollar/Yen Notes due 1996

Issue price 101 per cent.

Nomura International Limited

Dai-ichi Kangyo International Limited

LTCB International Limited

Mitsui Trust Bank (Europe) S.A.

Yamaichi International (Europe) Limited

BankAmerica Capital Markets Group

Banque Internationale à Luxembourg S.A.

Banque Paribas Capital Markets Limited



All of these securities having been sold, this announcement appears as a matter of record only.

**\$1,500,000,000**



## **Occidental Petroleum Corporation**

**\$600,000,000 10% Senior Notes due March 15, 1991**  
**\$300,000,000 10½% Senior Notes due March 15, 1993**  
**\$600,000,000 10⅞% Senior Notes due March 15, 1996**

**Drexel Burnham Lambert**  
INCORPORATED

**Donaldson, Lufkin & Jenrette**  
SECURITIES CORPORATION

**Kidder, Peabody & Co.**  
INCORPORATED

**Shearson Lehman Brothers Inc.**

**Dean Witter Reynolds Inc.**

March 1986

All of these securities having been sold, this announcement appears as a matter of record only.

**\$1,000,000,000**



## **Occidental Petroleum Corporation**

**11¾% Senior Debentures due March 15, 2011**

**Drexel Burnham Lambert**  
INCORPORATED

**The First Boston Corporation**

**Salomon Brothers Inc**

March 1986

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## UK COMPANY NEWS

# Burton reaches City target with £74m

By Martin Dickson

Burton Group, the retailer, yesterday announced interim pre-tax profits of £74.3m, more than double the £34.7m recorded in the same period of last year.

However, the figures are not directly comparable since this year's include a first time contribution from Debenhams, the department store chain acquired in a £560m takeover battle last August.

The figures were in line with market expectations and Burton shares closed at 348p, unchanged on the day.

Earnings per share are 8.6p (6.15p) and the interim dividend is being increased from 1.25p to 1.6p.

The group said that in the 26 weeks to March 1 sales totalled £620.5m, compared with £263.9m in the same period of last year.

Sales, excluding Debenhams, were up 28 per cent, with market penetration increasing through the addition of new shops, modernisation programmes and the extension of merchandise ranges.

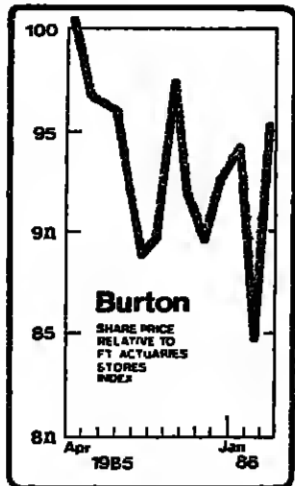
Debenhams sales rose by 11 per cent, compared to an 8 per cent figure given in January at the time of the Burton AGM. The company said this reflected a strong finish to the first half.

It declined to spell out Debenhams contribution to profits but said the core Burton businesses had broadly maintained their trading margins. It confirmed that Debenhams had met the £60m pre-tax profit forecast for the year to February 1 which it announced during the takeover battle, and had been helped to do so by new Burton outlets introduced to the department stores during the period.

There have been 850 job losses at Debenhams as part of a post acquisition rationalisation.

Mr Ralph Halpern, Burton's chairman, said Debenhams had contributed to the increase in the group's clothing market share to nearly 9 per cent.

Capital expenditure in the first half totalled £53.4m (£33.7m), of which some £15m



had been invested in Debenhams. Capital spending for the year was expected to total about £110m, with some £40m of this going towards improvements in Debenhams' merchandise ranges and selling environment.

Apart from Debenhams, the group would be adding 66 additional shops and modernising 66 existing ones.

Group debt had risen from around £250m at the year end to a figure "in excess" of £300m and was expected to remain around this level for the rest of the year.

The plan was to reduce it to around £200m in a couple of years, in part through the disposal of some Debenhams businesses.

It is expected to realise about 10m from the sale of US property assets and also wants to sell Debenhams chain of US shoe shops.

A breakdown of group turnover by activity shows menswear with £209.1m (£135.6m), womenswear with £297.8m (£124.5m) and home and other activities with £82.7m this time.

Mr Halpern said that the three new Burton businesses launched during 1985—Principles, Principles for Men, and Champion Sports—continue to make good progress and will trade from 155, 65 and 63 outlets respectively by the end of the financial year.

See Lex

# Guinness not to raise offer for Distillers

By David Goodhart

Guinness announced last night that it would not be increasing its bid for Distillers today, the final date on which it could have done so, and that its existing offer was final.

This surprising twist to the long-running battle between Guinness and Argyll Group for control of Distillers leaves the Guinness share offer about 20p higher than Argyll's, valuing each Distillers share at 750p and the whole company at 2.72bn. But Argyll's 660p cash alternative is 30p higher than that of Guinness.

Guinness's reasoning in defying market expectation appears to be that a rise in the value of the share offer would probably be negated by a drop in its share price and that the cash alternative is now of little importance in the outcome.

Guinness is relying on the fact that the industrial logic of its bid will be seen as superior to that of Argyll's and that it can win even if Argyll's valuation of Distillers was to pass its own.

The company said yesterday in a circular to shareholders: "Guinness and Distillers are in the same business at home and abroad and are a natural fit. Argyll is not in the same business—it is mainly a supermarket business operating in the UK."

Mr David Webster, the Argyll finance director, retorted: "Guinness have denied themselves an opportunity to place the issue beyond doubt and one can only assume that they have not been able to."

Guinness also announced that its profits for the year will not be less than £130m and that earnings per share of the combined Guinness and Distillers company in 1986 would be not less than earnings per share of Guinness on its own. "This confirmation has been made after discussion with the Panel on Takeovers and Mergers," said Guinness.

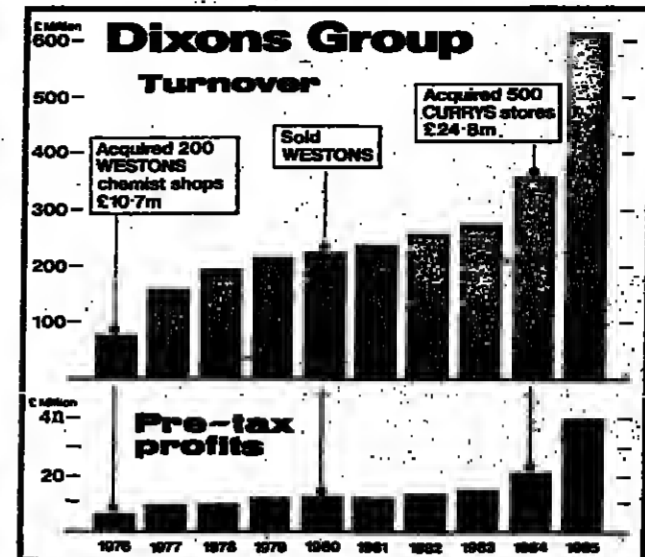
Guinness closed 14p up at 341p, Argyll was 15p up at 360p and Distillers closed 12p up at 682p.

# David Churchill looks at Dixons' £1.75bn takeover approach to Woolworth

# Another High Street battle in store



Mr Stanley Kalms, chairman of the Dixons Group



Mr Geoffrey Minkahy, chief executive of Woolworth

of the lifestyle they wanted to lead.

Dixons has emerged in the 80s as one of the new breed of successful retailers because it has capitalised on both these trends.

Mr Stanley Kalms, Dixons' chairman, has secured a hard-won reputation in the City for running a highly professional retail management team — "retail engineering," as Mr Kalms likes to call it.

Strict attention to retail systems, stock control, merchandising, and cash flow — enabled Dixons to thrive when the retail going started getting tough in the early 80s.

At the same time, Dixons had overcome its rather tarnished image in the 70s to cultivate the young, upwardly mobile and seeking the latest audio and video products.

"Dixons has established a niche as the shop for huffs to go for high-tech," points out Mr Nick Bubb, a retail stores analyst with stockbrokers Scrimgeour.

While Dixons has so far successfully tackled the changing — and competitive — retail environment of the 1980s, the same cannot be said for Woolworth.

Frank Winfield Woolworth revolutionised British retailing from 1909 onwards by introducing large variety stores where everything was under £6 (2.5p) in price. So successful did this strategy become that by the end of the 1920s Woolworth had become Britain's most successful retailer with a larger portfolio of High Street sites.

Unfortunately, Woolworth

rather smugly rested on its laurels and never developed its potential in post war Britain.

By the early 1980s, the company was in a sorry state, kept afloat only by the sheer size of its operations. The US parent — with problems of its own — was only too pleased to sell the UK company to Paternoster in late 1982.

The City institutions behind Paternoster brought in Mr Beckett to turn the business round after he had failed to save British Sugar from an unwanted takeover by S & W Berisford. (Berisford itself is now seen as a possible takeover target.)

Mr Beckett brought in Mr Geoff Mulcahy and Mr Nigel Whitaker from British Sugar and set about carrying out fairly basic "good housekeeping" measures such as pruning product ranges, selling off unwanted stocks, and reducing head office administration.

At the same time, about 150 stores have been disposed of to raise finance not only for refurbishing the remaining 875 stores but also to enable the company to buy the Comet electrical discount chain in 1984. (Dixons plans to sell off Comet to avoid possible conflict with the Monopolies and Mergers Commission). This acquisition was aimed at spreading the group's retail operations to make it less dependent on the High Street variety stores.

Its dependence on the main chain had already been lessened by the substantial profits growth of its do-it-yourself subsidiary, B & Q, which had been bought by the pre-Paternoster management.

In mid-1984, Woolworth's management started to concentrate on their marketing strategy. Six key product areas were identified, design consultants were brought in, and several new retail concepts were experimented with.

Last week Woolworth — perhaps expecting a takeover bid to emerge — announced that it had refined its marketing thrust and was planning to drop selling food and "alt" clothes and concentrate instead on six areas which were slightly different to those announced 18 months earlier.

These were: children's wear and toys; stationery and confectionery; records, cassettes, and video tapes; dry products and horticulture; table and kitchenware; and personal care products.

Dixons, however, was not impressed. "There is no coherent product range in Woolworth stores," said Mr Kalms yesterday. "They are all over the place."

Dixons also estimates that sales per sq ft for the latest financial year were £127 and profits per sq ft were £8, compared with £52 and £44 respectively for the core Dixons chain in the year ended April 27 1985.

What exactly Dixons will do to Woolworth remains to be seen as it is being coy about its new strategy which it believes can be more successful than the present one.

In the meantime, Dixons believes it can carry out further streamlining of the Woolworth operations — to provide an

immediate return.

In the longer term, however, it intends to create an "exciting and coherent chain of home, entertainment, and leisure stores," but is a bit vague about exactly what this means.

Areas such as children's clothing, stationery, and cosmetics will disappear from Woolworth stores and instead there will be greater concentration on audio and video equipment, domestic appliances, and diy and gardening products.

Dixons also rules out any large-scale disposals of sites — although as many as 200 stores could go.

The prospects for Dixons succeeding in its takeover bid will depend largely on the views of the City institutions who backed Paternoster.

Certainly, Mr Kalms made clear yesterday that he is not seeking any seven-year period in which to put Woolworth right. "There's no such thing as the long-term in retailing," he says. "It's all about reacting fast to market conditions."

One unexpected consequence of the Dixons bid is that it could affect the current debate on Sunday trading. Woolworth is one of the main lobbyists in support of scrapping all controls on shop opening hours but may find itself too busy fending off Dixons to help see the Sunday Trading Bill through its final crucial Parliamentary stages.

Moreover, Dixons is not enthusiastic about Sunday trading, and if it wins the takeover struggle, it is unlikely to be in the forefront of Sunday opening should the Bill become law.

# bank leumi le-Israel b.m.

CONDENSED CONSOLIDATED STATEMENT OF CONDITION OF BANK LEUMI LE-ISRAEL B.M. AND ITS SUBSIDIARIES AS AT 31 DECEMBER 1985  
Adjusted for the effect of inflation\*

	(in thousands)	
	New Israeli Shekels	U.S. Dollars**
<b>ASSETS</b>		
Cash in hand and deposits with central banks	5,692,383	3,796,187
Deposits with banks	5,853,590	3,903,695
Debentures for investment	1,068,397	712,502
Shares for investment	147,328	96,251
Securities for trading	584,646	389,894
Loans to the Government (principally deposits with the Treasury)	7,849,374	5,234,661
Loans to the public	11,333,790	7,558,380
Bank premises and equipment	622,018	414,817
Other assets	105,629	70,443
	<b>33,257,155</b>	<b>22,178,830</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Deposits by the public	21,408,697	14,277,224
Deposits from banks	3,078,178	2,052,803
Deposits for the granting of loans	2,907,928	1,939,265
Non-convertible bonds, capital notes and debentures	4,381,058	2,921,679
Other liabilities	297,154	198,169
Total liabilities	32,073,015	21,389,140
Outside shareholders' interest	78,152	52,119
Shareholders' equity	1,105,988	737,571
	<b>33,257,155</b>	<b>22,178,830</b>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 DECEMBER, 1985

	(in thousands)	
	New Israeli Shekels	U.S. Dollars**
Operating profit before taxation	186,554	124,410
Provision for taxation on operating profit	75,050	50,050
Operating profit after taxation	111,504	74,360
Group's equity in net profits of unconsolidated subsidiaries	(26,802)	(17,874)
	84,702	56,486
Outside shareholders' interest	(1,705)	(1,137)
Net profit for the year	<b>82,996</b>	<b>55,349</b>

\* On the basis of the Consumer Price Index for December, 1985  
\*\* Arbitrarily converted from New Israeli Shekels at the representative rates of exchange prevailing on December 31, 1985 NIS 1.4996 = US \$1.00, solely for the convenience of the reader.

Condensed Statements as at 31 December, 1985 of Four Main Overseas Banking Subsidiaries

	Bank Leumi Trust Company of New York 24 Branches (in US \$ Thousands)	Bank Leumi le-Israel (France) S.A. 5 Branches (in FF \$ Thousands)	Bank Leumi le-Israel (Switzerland) 3 Branches (in SF \$ Thousands)
Total assets	2,822,490	2,881,654	5,321
Net profit	11,083	6,521	8,651
Total assets	390,089	599,829	8,651
Net profit	1,050	8,651	8,651

bank leumi le-Israel b.m.  
Bank Leumi le-Israel b.m.  
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## UK COMPANY NEWS

## Reckitt shares boosted by results

THE CITY welcomed the results of Reckitt and Colman by marking the shares up by 64p to 900p after the company exceeded most forecasts. It had been expected that it would report pre-tax profits for the year to January 4 1986 of about £120m, but came in with £123.39m, an increase of 16 per cent on last year's £106.4m.

The main improvement was seen in the household and toiletry division where profits rose from £44.8m to £57.3m. The result was boosted by the Airwick acquisition which since its consolidation on March 1 contributed trading profits of £11m.

The food and wine division also contributed an increase of almost £5m to £31m.

The directors say that the confidence of the chairman at the interim stage was borne out by the results.

Turnover improved by 13 per cent from £1.12bn to £1.27bn with Airwick contributing

£162m. From earnings per share of 48.22p (41.94p) the dividend is being increased from 14.3p to 16p with a recommended final payment of 10p (8.5p).

Exchange rate movements resulted in sales being reduced by £52.5m and pre-tax profits by £2.45m, of which two-thirds was from Africa and the rest in Australia and Asia.

The directors say that the net interest charge, at £1.93m, was low. That was due to successful cash management and to the exclusion of interest payable on the Airwick acquisition before its consolidation, which reduced the figure by about £3m.

They add that the increase in the share of the group's profits from Europe and North America, 52.6 per cent in the year under review against 38.7 per cent the previous year, showed the quality of growth which was achieved.

The Airwick acquisition helped make the North

American household products business viable. Together with the disposal of the US potato business and the following restructuring of the US food division North America produced profits of £14.61m, against losses last time of £3.22m.

Group trading profit came out at £125.32m (£105.88m) with interest charges of £1.93m (£530,000 received). The tax charge was £46.2m (£45.88m) and after minorities of £5.44m (£5.12m) and preference dividends taking an unchanged £160,000, attributable earnings were £71.49m, against £55.24m last time.

There were extraordinary items of £8.6m (£200,000) representing costs after tax of integrating Airwick of £11.53m less gains on other items of £1.93m. Dividends absorbed £23.72m.

A geographical breakdown of the results showed UK turnover of £345.5m (£317.2m) and pre-tax profits of £40.3m (£36.7m); rest of Europe £244.1m

(£161.8m), £10.7m (£9.1m); North America £302.6m (£242.5m) £14.6m (£3.2m loss); Australasia and Asia £216m (£201.1m); £31m (£31.1m); Africa £74m (£119.4m), £13.2m (£12.3m) and Latin America £107.1m (£93.5m), £15m (£13.1m).

A breakdown by products showed that household and toiletry had sales of £584.8m (£418.9m) with pre-tax profits of £57.3m (£44.8m); food and wine £441.1m (£377.2m), £21m (£26.3m); pharmaceuticals £115.6m (£114.7m), £24.1m (£24.5m); colours £33.4m (£22.7m), £7.8m (£6.4m); industrial cleaning £81.6m (£63.5m), £1.5m (£2.3m) and fine art and graphics £26.4m (£24.2m), £3m (£2.6m).

At the annual meeting next month Sir James Clemenston will be retiring as chairman to be replaced by Sir Michael Colman, who is already a member of the board.

See Lex

## Jaguar in the lead with exports of £500m

By John Griffiths

Jaguar Cars' exports passed the £500m mark for the first time last year, giving it clear leadership in car exports from the UK.

29,633 vehicles exported, worth £502m, represented about 40 per cent of the UK total and compares with an estimated value of Austin Rover exports of £300-£350m.

Jaguar's further improved performance last year led to its chairman and chief executive, Mr John Egan, more than doubling his remuneration from £86,366 in 1984 to £172,859.

In part, this reflected the departure as chairman during the year of Mr Hamish Orr-Ewing, and the assumption by Mr Egan of both top roles.

However, Mr Orr-Ewing's role was non-executive, a position for which he was paid £17,994 in 1984.

Mr Egan was paid £147,611 as chairman last year, with the balance made up of bonuses based on company performance. As previously reported, Jaguar's pre-tax profits increased to £121.3m, compared with £91.5m in 1984.

Jaguar's exports have increased by an average of £100m a year since 1980, when Mr Egan was appointed by former BL chairman Sir Michael Edwards either to revive the then loss-making company, or to close it.

In unit terms, last year's exports accounted for 80 per cent of Jaguar's total output, which was 28,500 units. Jaguar has stated publicly that it expects to expand production further this year to 42,000 units.

However, with demand still exceeding supply, the company is understood to be seeking ways of expanding production above the declared target.

## IN BRIEF

**KLEINWORTH BENSON GIE** Fund's net revenue increased from £1.96m to £2.13m in the year to April 1 1986. A final dividend of 29.96p gross makes a total of 134.5p (£20.99p). Net asset value per share rose to £13.48 (£12.26).

**JOHNSON MATTHEY Bankers** has completed the £5.5m sale of its wholly owned Hinton Hill Group to W. S. Moody Holdings.

**NATIONAL PLASTICS** has completed negotiations to sell its Ekco plastics injection moulding business based in South-on-Sea, Essex, to Lin Pac Mouldings.

**CLOSE BROTHERS**, through debt factoring subsidiary Century Factors, has taken over the majority of the debt portfolio of Brown Shipley Factors. The value of the debt transferred is in excess of £4m, which represents a substantial increase in the advances made by Century.

**MARTIN CURRIE Pacific Trust** in its first annual figures since gaining a listing last year reports net asset value per 50p share of £25.7p at February 28 1986. Directors are recommending a single final payment of 0.45p. Gross revenue was £317,000 for the year to the end of February 1986, with net revenue of £75,000 and earnings per share of 0.65p.

## OFT examines complex British Sugar loan swap

BY LIONEL BARBER

THE OFFICE of Fair Trading is examining a complex £210m dividend loan swap between S. & W. Berisford, the commodity trader, and its wholly owned subsidiary, British Sugar.

It may affect undertakings given when it acquired British Sugar in 1982 after a bitter £240m takeover battle. It is required to ensure that British Sugar "is maintained as a separate group of companies without major changes in the activities or the purpose of the group as a whole".

Berisford confirmed that it granted a £210m interest-free loan, repayable over ten years, to British Sugar. The announcement follows the disclosure on Wednesday that British Sugar declared an interim dividend to its parent of £2.50 a share, at a total cost of £219m.

The move has fuelled City speculation that Berisford is preparing for an agreed bid by Ferruzzi, the Italian food and agricultural group, which wants to acquire British Sugar in order to boost its European market share. Berisford said it was "committed to manufacturing British Sugar as a separate subsidiary with a strong base of long-term capital".

Analysts said that the loan dividend swap would increase British Sugar's gearing to between 40 and 50 per cent by exchanging equity for debt. Meanwhile, the rump of Berisford's commodity trading interests would improve its position by shedding the £209m debt incurred buying British Sugar.

Later last year, Berisford considered requiring British Sugar



Mr. Ephraim Margulies, chairman of S &amp; W Berisford

to pay a dividend of £75m, but without a similar loan. It sought OFT guidance but subsequently shelved the idea.

Charterhouse Japbet Berisford's advisers, confirmed this plan but declined to comment on why the dividend had now increased. It described the dividend loan swap as a housekeeping exercise, redressing the balance of capitalisation inside the group.

British Sugar, which is also being eyed by Hilldown Holdings and Tate and Lyle, could command a value of about £400m. But the Berisford group is only valued at about £430m, which appears to undervalue the rump commodity business.

Berisford's commodity trading interests are run within 110 subsidiary, associate companies, according to 1985 annual accounts, published this

week. They include tea, timber, pepper and plantations in companies based in a variety of countries, such as Papua, New Guinea, the Cayman Islands, West Germany, Britain and the US. The 1985 accounts were qualified by Berisford's auditors, Spicer and Pegler, in the light of a £85m provision against liabilities in tin trading.

Mr Ephraim Margulies, Berisford's chairman, has appointed Citibank as an adviser in addition to Charterhouse. It is understood that the US bank is advising Mr Margulies on the possibility of a leveraged buy-out of the rump commodities business, should a bid materialise from Ferruzzi, Tate or Hilldown.

Berisford said yesterday that it had held talks with all these parties but none had yet made a firm proposal in relation to British Sugar or the group as a whole.

Tate, which announced yesterday that it had raised its stake from 32 per cent to 31 per cent, would dearly like to acquire British Sugar, which has margins on beet far higher than Tate's sugar refining business. But Tate faces huge obstacles in convincing the Government and the OFT that a British Sugar bid would not infringe competition rules.

Equally, Ferruzzi faces competition, both in Britain and in Brussels.

Last night, the market sensed that the ice was beginning to break in the Berisford story. Tate shares closed up 5p at 648p; Hilldown rose 8p to 276p; Berisford rose 4p to 230p.

## Cluff Oil £9m in the red

A DECISION to write down the book value of certain assets by £8.3m pushed losses of Cluff Oil Holdings up from £635,000 to £9m pre-tax in 1985.

However, Mr Algy Cluff, the chairman, says lack of debt, strong cash balances and alternative sources of revenue enabled the group to cope through the difficulties of the year and to face 1986 from a securely-based position.

He explains that the write-down was considered the only prudent course of action in the light of weak oil prices. After the write-down net assets per share were 52p, not including the surplus reserves of the Royal Family Gold Mine.

Mr Cluff adds that with no borrowings and with the additional benefit of increasing revenues from gold production the group is well positioned to take advantage of the opportunities which presently exist in the mining and oil sector.

Turnover for 1985 advanced from £2.67m to £2.98m and gross profits emerged at £233,000 (£399,000) after depreciation and operating expenses which totalled £2.75m (£2.18m) — the group's shares are traded on the USM.

Available losses came through at £3.18m, against a previous £215,000, after taking account of tax of £104,000 (£183,000), minorities of £352,000 (£103,000) and extraordinary debits of £424,000 (£497,000 credits).

## Wm Morrison advances 34%

Wm Morrison Supermarkets reports a record 12 months to February 1 1986 with taxable profits rising by 34 per cent and turnover up by 9.4 per cent.

The Bradford-based company saw profits rise to £15.7m compared with £11.73m for the 53 weeks to February 3 1985. Turnover excluding VAT improved by £31.75m to £367.99.

Earnings per 10p share came out at 9.94p (6.92p) and the directors are recommending a final payment of 1p, against an adjusted 0.825p, making a total for the year of 1.35p (1.1p).

They say that on a comparable 52 week basis turnover rose by 11.2 per cent, of which new openings accounted for 2.2 per cent, inflation 4.5 per cent and the remaining 4.5 per cent representing growth in the existing units.

During the period two stores were opened, in Rotherham and Killingworth, Tyne and Wear, and a start was made on a third in Dukinfield, Greater Manchester adding a net 78,000 sq ft of retail space. The company has adopted a policy of capitalising interest foregone resulting from developments under construction which added £571,000 to profits in the year under review.

**ACT (Computer Services)** managing director, Mr John Jernham, and a management team of eight, have completed a management buy-out of the company from Apricot Computers for £1m. The Grosvenor Technology Fund has taken a 40 per cent interest in the equity, and the management has subscribed £130,000 for the remaining 60 per cent. ACT has a turnover in excess of £2m.

Mr K. D. Morrison, chairman and managing director, says the policy was introduced so that development costs would be reflected more accurately and because high interest charges would be likely to unfairly distort the company's performance.

Operating profit came out at £15.85m (£12.89m) with a further £7,000 (£54,000) from share of associate and net interest received adding £568,000 (£608,000 payable). The pre-tax share was struck after profit share to employees of £787,000 (£614,000).

The tax charge was £5.51m (£5.35m) and dividend absorbed £1.25m (£1.02m), leaving retained profit at £7.94m, against £3.37m.

In the present year work will start on a further seven sites which will open between early 1987 and the middle of 1988, adding a net 301,900 sq ft and bringing the total to 1,24m sq ft with an average sales area of 31,000 sq ft.

## • comment

Capitalised interest charges are about as common as cans of

baked beans in Wm Morrison's supermarkets but capitalised "interest foregone" is a rare delicacy for the market to savour. Although gross interest charges amounted to no more than £26,000, Morrison takes the line that but for its store opening programme its bank balances would have earned an extra £671,000 — three times the actual figure for interest received. So the pre-tax line is inflated by said amount lifting the overall result to £500,000 or so above the bulk of market forecasts. The shares rose 10p to 200p. The new accounting policy will lift around £1m of costs off the p and l account this year, so earlier forecasts need to be revised upwards to at least £18m pre-tax for a p/e of 16.

Investors taking a view of takeover prospects might be better seeking ways of expanding the actual figure for interest received. So the pre-tax line is inflated by said amount lifting the overall result to £500,000 or so above the bulk of market forecasts. The shares rose 10p to 200p. The new accounting policy will lift around £1m of costs off the p and l account this year, so earlier forecasts need to be revised upwards to at least £18m pre-tax for a p/e of 16.

## • comment

Capitalised interest charges are about as common as cans of

## DIVIDENDS ANNOUNCED

Company	Current payment	Date	Corre. Total	Total
Abbey Life	4.7	July 25	1.25*	6.9
Barton Group	1.8	May 22	1.5	3.3
Druck Hildes	1.8	May 22	1.5	3.3
Ealing Electrol	1.5	May 27	1.5	3.0
Empire Stores	3.25	July 1	2	5.25
Isotek Johnson	3.3	—	2.75*	6.05
JSD Computers	1.1	May 30	1.3	2.4
Wm Morrison	9.94	—	8.53*	18.47
Reckitt & Colman	10	July 3	8.8	18.8
Wayne Kerr	1	—	1.5	2.5
Weir Group	2.13	May 23	2.13	2.85

Dividends shown in pence per share except where otherwise stated.

\* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

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## Over-the-Counter Market

High	Low	Ass. Bids	Ass. Bids	Price	Change	Gross	Yield	P/E	Fully
148	118	Ass. Bids	Ass. Bids	132	—	7.2	2.5	5.1	7.5
151	121	Ass. Bids	Ass. Bids	122	—	10.0	7.2	12.0	15.7
75	43	Airbus Group	—	72	—	4.3	12.3	4.8	6.2
45	33	Armstrong and Rhodes	—	35	—	6.7	22.3	23.2	—
171	108	Sandvik Hill	—	108	—	3.5	6.7	22.3	23.2
64	42	Say Technologies	—	58	—	10.7	11.8	—	—
201	136	CCL Ordinary	—	138	—	4.3	3.4	3.2	3.2
152	97	CCL 11% Conv. Pr.	—	95	—	10.7	11.8	—	—
150	80	Carborundum Ord.	—	84	—	4.3	3.4	3.2	3.2
94	63	Carborundum 7.5% Pr.	—	61	—	10.7	11.8	—	—
46	30	Osborn	—	31	—	7.0	12.7	—	—
32	20	Fredrick Perker Group	—	20	—	—	—	—	—
110	60	George Services	—	60	—	3.0	4.5	15.0	15.0
69	20	Ind. Precision Castings	—	62	—	1.5	0.1	12.7	13.0
218	161	Ials Group	—	165	—	15.0	9.1	12.7	13.0
122	101	Jackson Group	—	122	—	5.0	5.2	4.8	7.5
345	228	James Dureough	—	345	—	15.0	4.3	10.5	10.9
88	55	James Dureough SpCF	—	88	—	12.9	13.4	—	—
95	61	John Howard and Co.	—	61	—	5.0	5.2	4.8	7.5
1200	570	Mithelstone Holding NV	—	1020	—	6.9	0.8	46.7	44.4
462	328	Robert Jenkins	—	462	—	1.1	1.1	—	—
34	26	Scutrons "A"	—	30	—	—	—	—	—
87	56	Torday and Carlisle	—	60	—	6.0	7.2	2.5	3.2
370	320	Trevina Holdings	—	320	—	2.1	4.0	14.4	14.1
35	25	Unilock Holdings	—	35	—	4.3	4.9	2.9	12.1
178	83	Weiser Alexander	—	178	—	17.4	5.7	6.7	8.8
226	156	W. S. Yates	—	220	—	—	—	—	—

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Minerals Oils and Resources Shares Fund Ltd.

Royal Trust House, Colombarie, St. Helier, Jersey, C.I.

For price and yield - see Financial Times "Statistics & Overview"

## Public Works Loan Board rates

Years	Effective April 3		Non-quota loans A* repaid at maturity	
	by EFT	by EFT	by EFT	by EFT
1	10 1/4	9 1/4	10 1/4	9 1/4
Over 1 up to 2	10 1/4	9 1/4	10 1/4	9 1/4
Over 2 up to 3	10 1/4	9 1/4	10 1/4	9 1/4
Over 3 up to 4	10 1/4	9 1/4	10 1/4	9 1/4
Over 4 up to 5	10 1/4	9 1/4	10 1/4	9 1/4
Over 5 up to 6	10 1/4	9 1/4	10 1/4	9 1/4
Over 6 up to 7	10 1/4	9 1/4	10 1/4	9 1/4
Over 7 up to 8	10 1/4	9 1/4	10 1/4	9 1/4
Over 8 up to 9	10 1/4	9 1/4	10 1/4	9 1/4
Over 9 up to 10	10 1/4	9 1/4	10 1/4	9 1/4
Over 10 up to 15	10 1/4	9 1/4	10 1/4	9 1/4
Over 15 up to 25	10 1/4	9 1/4	10 1/4	9 1/4
Over 25	10 1/4	9 1/4	10 1/4	9 1/4

\* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal + repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

## NOTICE TO LOMBARD DEPOSITORS

Depositor's name	Amount deposited	Interest rate	Term
—	—	—	—

## 14 Days Notice

Minimum deposit £2,500

11 1/4% 8.40% 12.01%

## Cheque Savings Accounts

When the balance is £2,500 or more

10 1/4% 8.03% 11.48%

When the balance is £250 to £2,500

# Imperial Shareholders: which side should you come down on?

## United Imperial.

A cohesive group with three related and complementary businesses.

A proven record of success in the management of leading brands.

Opportunities for cost savings and faster profit growth by combining operations.

Profit growth mainly organic, fuelled by high capital investment of over 4% of annual sales in 1985.

All UB's offers provide higher income than Hanson's 'best' bid.\*

Agreed management plans to exploit growth opportunities in food and leisure industries.

## Hanson Trust.

A conglomerate currently operating in some fifteen different business sectors.

Limited experience of managing branded consumer businesses.

No similar opportunity.

Profit growth mainly by acquisition (capital spending just over 2% of annual sales in 1985).

Hanson's highest income offer (the cash alternative) is worth only 293p per share, or 64p less than Imperial's current market price.

No clear plans. Wait and see.

This stark comparison makes it absolutely clear why the Board of Imperial urgently and unanimously recommend that you accept the United Biscuits offer.

UB and Imperial are natural partners for future growth and prosperity. By accepting the UB offer, you ensure that the majority of your investment will remain in Imperial businesses. This is the only way you can "stay with Imperial".

Time is now short. The future of your company -

its brands, its businesses, its people - may depend on your action.

So please, today, sign and send off the white UB acceptance form. It must arrive by 3.00 pm this coming Friday, 11th April 1986.

If you are in any doubt how to complete the form, please telephone our helpline: 0272 666961.

If you would like to hear why your Chairman,

Mr Geoffrey Kent, and the Imperial Board unanimously recommend the UB offer, please ask the operator for Freefone Imperial Group.



DAYS LEFT TO ACCEPT  
UB OFFER

10 · 9 · 8 · 7 · 6 · 5 · 4 · 3 · 2 · 1

The sources for the information contained in this advertisement are set out or referred to in Imperial Group and Hanson Trust 1985 Annual Reports, UB's Preliminary Statement and the letter from the Chairman, Imperial Group plc to shareholders dated 3rd April 1986. Imperial's share price is the closing price on 2nd April 1986. The directors of Imperial Group plc (including those who have delegated detailed supervision of this advertisement) have taken all reasonable care to ensure that the facts and opinions expressed herein are fair and accurate. The directors accept responsibility accordingly.

\*The reference to Hanson's 'best' bid relates to the Hanson alternative offering the biggest capital value.

This announcement appears as a matter of record only.



## Hill Samuel & Co. Limited

advised

## Marley plc

in the sale of

## Payless D.I.Y. Limited

to

## Ward White Group plc

Hill Samuel & Co. Limited  
100 Wood Street, London EC2P 2AJ.

April 1986

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for or purchase any securities.



## Ward White Group plc

(Registered in England No. 294565)

**RIGHTS OFFER**  
of Convertible Redeemable Preference Shares of 10p each at £1 per share entitling holders to an annual fixed preferential dividend of 6p (net) per share ("Convertible Preference Shares").

This advertisement appears in connection with the rights offer of up to 74,430,137 Convertible Preference Shares in the Company which are offered at £1 per share to shareholders on the register at the close of business on 24th March, 1986 on the basis of 82 Convertible Preference Shares for every 100 Ordinary Shares of 25p each then held. The Council of The Stock Exchange has admitted this Convertible Preference Shares to the Official List. Dealings are expected to commence on 4th April, 1986.

Details of the listing particulars relating to the Company and the Convertible Preference Shares required by The Stock Exchange (Listing) Regulations 1984, are available in the Extra Statistical Services. Copies of the circular to shareholders dated 11th March, 1986 containing the listing particulars and the letter to shareholders dated 3rd April, 1986 may be obtained during normal business hours on any weekday, Saturdays and public holidays excepted, up to and including 18th April, 1986 from:

Ward White Group plc,  
Hargrave Hall,  
Hargrave,  
Wellingborough,  
Northamptonshire,  
NN9 6BU

County Bank Limited,  
11 Old Broad Street,  
London,  
EC2N 1BB

and, until 8th April, 1986 only, from:  
Companies Announcement Office,  
The Stock Exchange,  
Throgmorton Street,  
London EC2P 2BT

4th April, 1986



Swiss Air Transport Company Ltd.

## Notice to holders of the Warrants of the 8% US\$ Bonds with Warrants 1984-91 of Swissair Finance (B. V. I.) Limited, British Virgin Islands

At the Annual General Meeting of Shareholders of Swissair to be held on April 24, 1986, the Board of Directors will propose an increase of the share capital by offering one new Bearer Share of Sfr. 350.- nominal value for every 15 Bearer Shares outstanding at that date at the price of Sfr. 1,100.-. The new Bearer Shares will rank for dividend from January 1, 1986.

Furthermore the Board of Directors will propose the creation of "Dividend-right certificates" by offering one "Dividend-right certificate" for every 10 Bearer Shares outstanding at that date at the price of Sfr. 200.-.

In connection with this capital increase, the holders of the Warrants of the 8% US\$ Bonds with Warrants of Swissair Finance (B. V. I.) Limited should note that

- exercise of the Warrants into Bearer Shares cum subscription right can take place up to April 14, 1986;
- the exercise right of the Warrants will not be exercisable during the period from April 15, 1986 up to and including May 13, 1986;
- the exercise price will be adjusted on May 14, 1986 and published as soon as possible thereafter.

April 4, 1986

SWISSAIR

## UK COMPANY NEWS

### Ibstock Johnsen hit by weather and drop in pulp prices

SEVERE weather in the first quarter of 1986 and a reduction in pulp prices set back full year results of Ibstock Johnsen, which has announced a £1.06m fall in pre-tax profits to £11.36m.

The proposed final dividend, however, is raised to 3.3p against an adjusted 2.75p for the one-for-one scrip issue last April. This makes a 4.8p (4p) total for the year, which will be paid from increased earnings per share of 13.88p (13.03p).

Turnover for the group, which makes bricks and is an agent for woodpulp manufacturers, improved by 5.6 per cent to £116.46m (£110.29m).

Mr Paul Hyde-Thomson, the chairman, says that an important factor of the year was the exceptional amount of capital investment, market development and expansion in the brick divisions on both sides of the Atlantic.

In the UK, building products gained only a small increase in turnover, from £51.03m to £53.89m. Deliveries were below 1984, he says, and trading profit fell by £1m from the group's record £15m.

US sales of building products improved substantially, from £50.5m to £61.05m, at which level the group has good market penetration, and the chairman adds that the long-awaited profits, which were £1.5m against a £27.00m loss, are coming through.

The Abrea division never expected to repeat the exceptionally high profits obtained in 1984, he says. In the event the fall in the world price of pulp and the adverse exchange rate movements were greater than anticipated, especially in the second half. Turnover in this division fell from £2.72m to £1.51m, and trading profits were down to £287,000 (£2.25m).

Tax took £2.95m (£1.94m) to leave net profits at £8.41m (£7.47m). There were extraordinary debits of £2.26m (£2.25m).

comment

The market was well prepared for disappointment from Ibstock



Mr Paul Hyde-Thomson, chairman of Ibstock Johnsen

Johnson and the shares rose by 2p to 188p yesterday. Last year was a year of retrenchment for the company. In the UK the problems posed by an overall downturn in brick demand were compounded, in Ibstock's case, by the turmoil of plant redevelopment and a management structure over-stretched by years of expansion. Even in the US, Ibstock broke into profit for the first time in the summer months, sales were inhibited by delays in constructing the Washington plant. Thus far 1986 has been a mixed year in the UK. icy temperatures have brought construction programmes to a halt, but post modernism has brought bricks back into favour with architects and overall demand should increase by 5 per cent this year. With new production plant in place and a more flexible management structure, Ibstock expects to outperform the market. Meanwhile the US division, having lost the loss-making Indianapolis plant and having gained the new Washington unit, should double its contribution to profits. The City expects overall profits of £15m producing a p/e of 12.

### Overseas strength boosts JSD Computer to £0.6m

known as Knight Computer International, its shares are traded on the USM.

WITH GROWTH continuing through the 1985 year, JSD Computer Group International saw its profits for the period rise by £218,000 to £268,000 pre-tax.

Turnover improved from £7.1m to £9.63m. All trading locations of the group advanced, particularly overseas, which increased by 6.6 per cent to £8.5m. The US pushed ahead by 48.4 per cent to £4.1m and Europe, outside the UK, by 86.5 per cent to £2.4m.

The group's main activity remained the contract hire of skilled computer personnel, which represented 98 per cent of turnover.

Gross profits rose from £2.17m to £3.05m and were subject to administration expenses of £2.42m, up from 1984's £1.78m. Other operating income amounted to £71,000 (£85,000). Net interest charges accounted for £14,000 (£54,000).

Earnings came through 2.1p sheet at 6.3p after the £284,000 (£180,000) and a final dividend of 1.1p makes a net total of 2.1p, an improvement of 0.6p per 5p share.

The group was formerly

known as Knight Computer International, its shares are traded on the USM.

comment

From JSD's figures one would hardly guess that UK turnover had been almost static, but in fact 70 per cent of the group's business is overseas and this is where the growth has been coming from. The Belgian and Dutch operations are expanding, and the Amsterdam office is stretching its tentacles into West Germany, while US business has grown at a rate which suggests that a third office could open there this year.

The current year is likely to see European progress continued and US growth dependent on whether that third office is renewed, but there also will be renewed emphasis on expanding the UK activities, most probably through acquisition.

With at least £800,000 expected on a tax charge of 35 per cent, the shares, up 4p at 130p, are on a prospective p/e of under 14—a reasonable rating for a company in a buoyant market, but watch out for the cash call when the acquisition comes.

### Aberdeen Steak lower at £0.8m

BY RICHARD TOMKINS

Aberdeen Steak Houses, the London restaurant chain which came to the United Securities Market last August, yesterday reported a decline in pre-tax profits to £18,000 for the year to December 1985 after a very disappointing third quarter.

Profits for the 13 months to December 1984 were £284,000, but the company said that on an adjusted 52-week basis the comparable figure was £284,000.

The shares, placed last year at 67p, closed at 56p, down 1p.

Aberdeen's flotation was marred by adverse publicity when the then company secretary Mr Aziz Suleman resigned over alleged inaccuracies, and omissions in the placing documents.

Mr Suleman said information about legal claims over alleged underpayments to employees should have been included in the prospectus.

However, the company's shares made a strong start on the USM, rising to a premium of 8p.

Yesterday Mr Stephen Cockburn, a non-executive director of Aberdeen, said that three new restaurants had been opened during the second half.

However, the company had decided to pay the 1.2p dividend which had been forecast in the prospectus on the assumption that 1985 profits would be greater than those of 1984.

On the question of outstand-

ing litigation, Mr Cockburn said an out-of-court settlement had been reached over Mr Suleman's resignation "for a few hundred pounds" and that the total value of claims for underpayment of wages amounted to £10,172.

Mr Cockburn said the first quarter of the year was a seasonally poor one, but there had been encouraging signs in spite of "poor weather in February."

Profits were struck after turnover for the year of £8.4m (£7.9m), cost of sales of £4.4m (£3.7m), net operating expenses of £3.7m (£3.2m) and interest payable of £61,000 (£57,000). Tax was £512,000 (£394,000) and earnings fell to 3.6p (4.9p).

US\$100 000 000.-

### Credit Suisse Finance (Panama) S.A.

114% Guaranteed Notes, Series A, due 1992 and 100 000 Warrants to subscribe

US\$ 100 000 000.- 114% Guaranteed Notes, Series B, due 1992

NOTICE IS HEREBY GIVEN, pursuant to the Terms and Conditions of the captioned issues, that US\$ 4 000 000 principal amount of Series A Notes have been drawn for redemption at 101% of their principal amount.

The serial numbers of the 4 000 Series A Notes of US\$ 1 000 each, drawn for redemption and representing US\$ 4 000 000 principal amount, are as follows:

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# The United Biscuits offer. What will be in it for the Imperial shareholder?



When you examine it closely, the United Biscuits argument soon starts to crumble.

They have no experience of tobacco and brewing.

No record of acquiring or managing diversified businesses.

And little chance of creating "global brands." (Even together, "United Imperial" would be dwarfed by the international food giants.)

Now look at Hanson Trust's argument.

Our shareholders have seen their dividends grow by 28.7%p.a. over the last 5 years.

Our earnings per share have grown by 33.9%p.a. over the last 5 years. And our record of growth in profits has been unbroken for 22 years.

United Biscuits' so-called commercial logic? Or Hanson Trust's actual financial logic?

We recommend you accept the Hanson Trust bid before the next closing date on April 11.



## H A N S O N T R U S T

This announcement appears as a matter of record only

April 1986



VSEL CONSORTIUM PLC

## £60-100 million employee-led buy-out

including an

Offer for Subscription

by

Lloyds Merchant Bank Limited

to employees and their immediate families and pensioners of  
Vickers Shipbuilding and Engineering Limited  
and its subsidiaries  
Cammell Laird Shipbuilders Limited and  
Warship Design Services Limited and  
to residents of Barrow and Furness and of Birkenhead

The following gave initial commitments to provide out  
of their own holdings the £1,620,000 of free shares allocated  
to certain employee applicants under the Offer

Lloyds Merchant Bank Limited

British Aerospace Pensions Funds Trustees Limited Lloyds Investment Managers Limited managed funds  
Eagle Star Insurance Company Limited Norwich Union Life Insurance Society  
Fust National Boston Limited Pearl Assurance PLC  
Investors in Industry PLC Prudential Assurance Company Limited  
Lloyds Development Capital Limited The Trustees of St. George's Pension Fund

Commitments syndicated by Hoare Govett Limited

arranged and managed by

Lloyds Merchant Bank Limited



April 1986



THORN EMI

£40,000,000

Sale and Lease Back of Vehicle Fleet  
with Revolving Facility

Arranged and provided by

Kleinwort Benson Limited

Jointly underwritten by

Banque Paribas (London)

Kleinwort Benson

The International Merchant Bank  
20 Fenchurch Street London EC3P 3DB

This announcement appears as a matter of record only

## UK COMPANY NEWS

### Weir hits target with £9m for year

Weir Group, the Scottish-based engineer which failed earlier this year to win control of Yarrow, its Glasgow neighbour, has met the profits forecast it made in January.

At the pre-tax level profits rose from £8.85m to £9.03m from a turnover of £139.77m.

Earnings improved by 5.4p to 19p per 25p share and a final dividend of 2.125p lifts the total from 2.5p to 2.575p net.

Weir lost its battle to take over Yarrow in January. Before it launched its £26m bid it already held a 25.3 per cent stake in the company. However, the offer only attracted the support of a further 11.7 per cent of the equity.

Mr Tony Houghton, receiver of hovercraft manufacturer Vosper, has sold the company's Mainwork subsidiary to the Weir group for an undisclosed sum. Mainwork provides technical services to offshore oil and gas companies.

Mr Houghton is now trying to sell Vosper's main subsidiary, Vosper Hovermarines, and is hopeful that he will find a buyer as a number of foreign shipping companies had shown a serious interest in Vosper following the sale earlier this week of two hovercraft to PT Hover Maritim Sumatera, of Indonesia.

There were no surprises in Weir's results; the City was told exactly what to expect during the Yarrow takeover bid. In 1985 Weir proved that it has shaken off the tristes of the early 1980s and in 1986 should emerge as a much more dynamic company. All three foundries returned to profit last year and this year's orderbook has returned to 1970's levels of buoyancy. Pumps have been redirected from shipbuilding to oil and power. Given that its oil activities concentrate on maintenance rather than exploration, Weir has emerged relatively unscathed from the oil price crisis.

While power activities could be buoyed by the long-promised Sizewell contract later this year, in desalination Weir is compensating for the decline of the Middle East markets by developing water and power contracts in this country. The City expects profits of £11m and a p/e of 6.5 this year which leaves the share, reduced by 2p to 111p yesterday, looking inexpensive. Weir has nine months to go before deciding whether to rebid for Yarrow and in the meantime will concentrate on a series of smaller, engineering-related targets.

### Abbey Life beats forecast with £34.6m surplus

BY ERIC SHORT

Abbey Life Group, Britain's second largest linked-life company, yesterday reported a surplus for 1985 of £34.6m, which included £900,000 after-tax profits from non-life subsidiaries.

This compared with a surplus of £30.7m in 1984 and a forecast of £33m made at the time of its flotation last June.

Abbey is paying a total dividend for the year of 6.9p, with a final payment of 4.7p. This compares with a forecast total of 6.6p in the offer document.

The company said that had an equivalent dividend been paid, the 1984 surplus would have been around £28m, since ACT would have been paid on the distribution, a growth rate of about 24 per cent.

An amount of £18.5m is being transferred from the long term business fund to the profit and loss account, the remainder being retained in the life fund bringing the accumulated surplus to £85.6m. The free distributable surplus before any tax liability amounts to £83.4m.

The group said that the level of new business in the first quarter was well up to expectations, with sales of life products particularly buoyant. It warned, however, that first half results this year would be below those of 1985 because of the pre-Budget pensions boom last year. But it was confident that the full year would show growth.

Abbey Life has comfortably beat its surplus forecast, made last Jun and shareholders are rewarded with a higher than expected dividend. In particular, Abbey Life's unit trust and other non-life operations have shown very strong growth. The group is expanding its direct sales force, with a net increase of 330 persons last year and a target of another 200 persons this year. The company has a varied product range, with particular emphasis on life and protection products that are selling well this year. The benefit of last year's new business growth should come through the year and shareholders can look forward to at least a 10 per cent growth in surplus and dividends. The share price of 216p up 8p on the results, yielding 4.6 per cent, reflects this potential.

Harsh words about a company that has just announced a 87 per cent increase in profits are not usually called for. Yet Empire's shareholders may well be unmoved by a recovery that its rivals enjoyed some time ago. While Gratian and Freemans have moved on to new notions, Empire is struggling with its basic catalogue and watching its market share dwindle. The company has had some success of controlling costs and has debts and a little belatedly recognised that one key to real order success is getting the right information systems. With high operational gearing, what Empire really needs is a rise in turnover, and the 15 per cent advance in the second half is not particularly encouraging against a lamentable second half last year. The new catalogue is apparently going well, and the company should make at least £7m this year. However a prospective p/e of 15 at 184p is high on trading grounds, while the four major corporate shareholders seem in no hurry to launch a bid.

With a healthy order book, he is confident of achieving another satisfactory full year, while at the same time, the group continues to plan through marketing, development and quality for the longer term.

The pre-tax figure included a share of profit in a related company of £27,000. Tax for the period was higher at £29,000 compared with £36,000. After minorities of £12,000 (same), attributable profits were £51,000 against £37,000. The interim dividend is increased from 1.5p to 1.8p net—last year's total was 3.6p from pre-tax profits of £1.78m. Dividends (with £112,000 (£94,000), leaving retained profits £119,000 higher, £399,000. Stated earnings per share improved from 6p to 8.2p.

### Druck dims by 34% at halfway to near £1m

A 34 per cent increase from £712,000 to £952,000 in pre-tax profits is reported by Druck Holdings for the six months to December 31 1985. Turnover of this USM-quoted holding company engaged in the manufacture of electronic pressure measuring devices, rose from £3.31m to £4.57m, an increase of 38 per cent.

Mr John Salmon, the chairman, says the total order book so far this year shows another satisfactory increase, compared with that of last year. This is largely due to the contribution from overseas where the group's subsidiaries have produced good results.

He says there are no very large orders to report, but this is a good indication that it continues to grow with a wide spread of general business.

Since his last report, the group has reduced a rather large order backlog and can now offer better deliveries due to increased production efficiency.

With a healthy order book, he is confident of achieving another satisfactory full year, while at the same time, the group continues to plan through marketing, development and quality for the longer term.

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### BOARD MEETINGS

The following companies have notified of board meetings before Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the subdivisions shown below are based mainly on last year's timetable.

Company	Dividend Dates
Asbury and Madeley	Apr 8
British Alcan Aluminium	Apr 8
British Broadcasting	Apr 10
British Syntex	Apr 8
Dewhurst (I. J.)	Apr 14
Foster (E.)	Apr 15
Henderson Administration	June 8
Jarome (S.)	Apr 10
Lipson Industries	Apr 10
Lee Refrigeration	Apr 10
Mowlem (John)	Apr 10
Newsam Industries	Apr 8
Pedgley	Apr 10
Savoy Hotel	Apr 15
Scottish Mortgage and Trust	Apr 17
Watts Shale Storage	Apr 10

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland.

4th April, 1986



COMMONWEALTH BANK OF AUSTRALIA

(A statutory corporation of the Commonwealth of Australia)

A\$125,000,000

Zero Coupon Notes Due 1991

The Commonwealth of Australia guarantees the due payment of all moneys that are, or may at any time become, payable by the Commonwealth Bank of Australia.

Issue Price 55.45%

The following have agreed to subscribe or procure subscribers for the above Notes:

Orion Royal Bank Limited

Dresdner Bank Aktiengesellschaft

Hambros Bank Limited

Swiss Bank Corporation International Limited

Banque Bruxelles Lambert S.A.

Banque Nationale de Paris

CIBC Limited

Commerzbank Aktiengesellschaft

Commonwealth Bank of Australia

Credit Suisse First Boston Limited

EBC Amro Bank Limited

Kreditbank International Group

Merrill Lynch Capital Markets

Morgan Guaranty Ltd

Morgan Stanley International

Nomura International Limited

Salomon Brothers International Limited

Union Bank of Switzerland (Securities) Limited

Application has been made to the Council of The Stock Exchange in London for Notes in the denominations of A\$1,000 and A\$5,000 constituting the above issue to be admitted to the Official List, subject to the issue of the temporary Global Note.

Particulars of the Notes and the Issuer are available in the Extra Statistical Service. Copies of the listing particulars relating to the Notes may be obtained during normal business hours up to and including 9th April, 1986 from the Company Announcements Office of The Stock Exchange and up to and including 18th April, 1986 from:

Orion Royal Bank Limited,  
1 London Wall,  
London EC2Y 5JX

and  
R. Nivison & Co.,  
25 Austin Friars,  
London EC2N 2JB

## COMMERCIAL LAW REPORTS

## Digest of cases reported in Hilary Term

FROM FEBRUARY 7 TO MARCH 4 1986

**Hedges & Butler Ltd v Commissioners of Customs and Excise (FT, February 7)**

The Customs and Excise wrote to Hedges & Butler calling for the production of an extensive list of business documents under regulation 8 of the Excise Warehousing Regulations 1982, which refers to "all records" relating to an occupier or proprietor's business. The Divisional Court upheld the company's refusal to comply on the ground that the Commissioners' powers to call for the production of business records was limited by section 98 of the Finance Act 1981 which defined records in a narrow sense, by imposing a duty on "the occupier of goods or the proprietor of goods in a warehouse to keep records relating to the production of records—no matter how remote—from the operation of a warehouse."

**Nile Company for the Export of Agricultural Crops v H and J. M. Bennett (Commodities) Ltd and Others (FT, February 11)**

In 1980, the plaintiff, an Egyptian state-owned commercial organisation, signed an agreement with the defendant buyers which entitled them to offset the value of damaged goods from the f.o.b. price. Payment was to be made against shipping documents in any event. Nine disputed shipments of potatoes arrived at the parties, agreed on a settlement procedure. At the end of 1981, the Egyptian Government stipulated that henceforward payment was to be made only by documentary credit opened in advance. In interlocutory proceedings for the price of the shipments and a counterclaim by the defendants, Mr Justice Anthony Evans held that the change of regulations discharged the parties from further liability under the settlement agreement due to impossibility of performance. However, under Egyptian law their rights and obligations in the original agreement revived.

**Edmunds v Adas (FT, February 12)**

In an appeal by a reinsurer against summary judgment for the amount claimed, the plaintiff, Edmunds, stated the remedy for a breach of an insurance contract was an action for damages. However, it was well settled that the courts had no common law power to award interest on damages. Jurisdiction must therefore be statutory. The only relevant provision was section 35A of the Supreme Court Act 1981, which stated that any sum for which judgment is given could include simple interest. After the action had begun, the defendant had tendered the

full sum in settlement of the damages. But that still left the court with power to give judgment on liability and to assess the damages and interest, taking account of the fact that there had been a payment and acceptance on account of a sum equal to the full amount of the damages.

**Charles E. Ford v A. Fee Inc. (FT, February 14)**

The Gaffa Board of Appeal upheld the decision of the arbitrators that unofficial samples of soyabean, which the buyer took on the cargo's arrival, were inadmissible as evidence because they were not taken in accordance with the prescribed contractual procedure as laid down in Clause 17 of Gaffa form 102. However, Mr Justice Bingham said that the seller's construction of the clause could not be upheld. Clear language was needed to exclude evidence ordinarily admissible to show a buyer was entitled to reject goods as not corresponding with contractual description or as unmerchantable.

**In re State of Norway's Application (FT, February 18)**

By a majority, the Court of Appeal allowed an appeal by two officials of the merchant bank, Lazard Brothers, asserting that they were not obliged to give oral evidence in Norwegian proceedings relating to a trust for which they acted as trustees at all material times. The scope of the request, made by the Norwegian Government under the Evidence (Proceedings in Other Jurisdictions) Act 1975, was to elicit evidence and contained a great deal of impermissible fishing. Moreover, the witnesses should not be ordered to break their duty of confidentiality by answering the questions raised in the letters of request, as confidence in Lazard's ability to receive confidential information was a crucial part of its stock in trade.

**Forestal Mimosa Ltd v Oriental Credit Ltd (FT, February 18)**

Irrevocable letters of credit, opened by a Dubai bank and confirmed by a London bank, stated that the credits would be duly honoured and that "except so far as otherwise expressly stated, this documentary credit is subject to Uniform Customs and Practice for Documentary Credits, Publication No. 400." The bank now contended that if one looked at the letter of credit without referring to the Uniform Customs terms, it was clear that it was only to become operative if buyers accepted the sellers' draft when presented. However, the Court of Appeal held it was wrong to approach the question or construction by looking at the document without reference to the Uniform Customs. There was no express provision excluding the Uniform

Customs, and no justification for reading in any implied exclusion.

**Bulk Oil (Zag) AG v Sun International Ltd and Another (FT, February 21)**

In a reference by the English Commercial Court to the European Court of Justice concerning a refusal of the part of BP and Sun International to allow Bulk Oil to ship North Sea oil to Israel, the court asked, inter alia, whether the UK prohibition on the oil shipments was in breach of an EEC/Israel agreement, which called for the abolition of the main obstacles to trade between the parties. In answer, the European Court ruled that neither the EEC/Israel agreement nor Articles 34 or 36 of the EEC Treaty, which regulated trade among EEC members, prohibited the imposition of quantitative restrictions on exports from a member state to Israel.

**In re Imperial Foods Pension Scheme (FT, February 25)**

When two subsidiaries of Imperial Foods sold their entire share capital to Hilldown Holdings, a portion of the pension fund was transferred on the basis of an actuarial valuation of past service reserve with allowance for future pay and pension increases. Hilldown sought to impeach the valuation and substitute a "buy-out" method of valuation. In dismissing Hilldown's application, Mr Justice Walton said that it was settled law that a court would upset a valuation only where there was some mistake or some improper motive. The function of an actuary was to achieve the greatest possible degree of fairness between the various persons interested in the scheme. Because the share fund method would have produced precisely the opposite effect, it would have been rejected in any event.

**Re BP Petroleum Development Ltd (FT, February 26)**

Section 3 of the Petroleum Provisions Act 1934 states that ancillary rights to mining operations (as laid down in the Mines (Working Facilities and Support) Act 1923), should be extended to the laying of pipes for the carrying of gas. On the other hand Section 57 of the Petroleum Act 1962 lays down that a reference to "conveyance of minerals" in the Mines (Working Facilities and Support) Act 1923 is not to be construed as a "conveyance by means of a pipe." Mr Justice Warner, when holding that BP was entitled to a compulsory grant of the right needed for laying extra pipeline on farmland in Dorset, stated that the court must not treat section 57 as impliedly repealing anything in the 1934 Act unless it was convinced that they could not stand together.

**Regina v Attorney-General ex parte ICI (FT, February 26)**

ICI won its appeal to the Court of Appeal asserting that it was entitled to judicial review of an inland revenue valuation of North Sea gas. ICI alleged the valuation was an illegal law for petroleum revenue tax purposes, thus giving ICI's competitors, Shell and Esso, an unfair advantage. The court upheld Mr Justice Woolf's decision that under national law, ICI had sufficient locus standi to apply for judicial review, because it came before the court qua taxpayer and not qua taxpayer. Also it had locus standi under Article 22 of the EEC Treaty, EEC law because the low valuation had distorted competition and favoured the oil companies as against ICI, thus qualifying as an improper aid under Article 22 of the EEC Treaty. However, the judge was wrong to refuse a declaration with regard to any valuation already made and to direct the Revenue to make a new valuation. ICI was entitled to the fruits of litigation in which it had been successful.

**British Leyland Motor Corporation Ltd v Armstrong Patents Co Ltd (FT, March 3)**

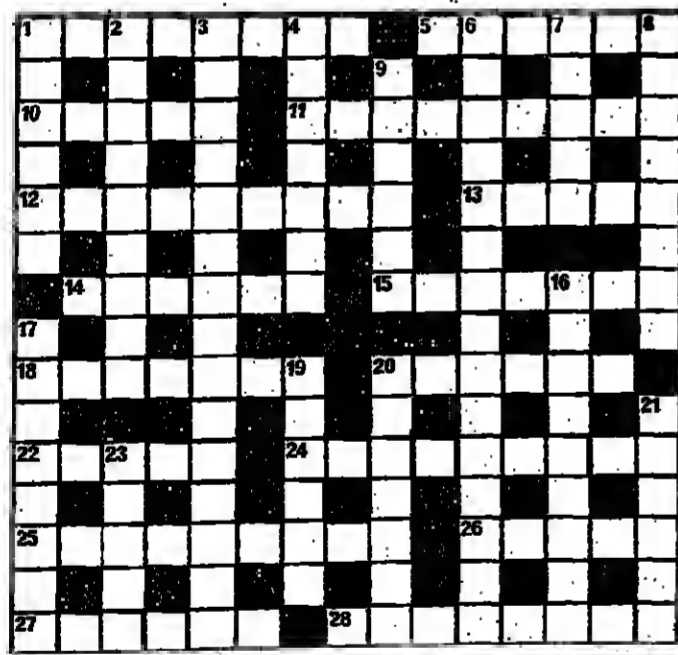
In allowing an appeal by Armstrong Patents asserting that it was entitled to manufacture exhaust pipes for BL's Marina cars, the House of Lords said that exploitation of copyright law had gone far enough. It extended to the direct reproduction of a functional article such as an exhaust, but BL was not entitled to assert its copyright in design drawings so as to defeat a motorist's right to repair his car with an exhaust pipe of his own choosing. This digest will be concluded on Tuesday.

By Aviva Golden

THE FINANCIAL TIMES will publish a Survey on **INDUSTRIAL STANDARDS** on April 22 1986. For further details, please contact: **MARK FISHER** on 01-243 8000 ext 3338. **FINANCIAL TIMES** Europe's Business Newspaper

## F.T. CROSSWORD PUZZLE No. 5,988

VIXEN



## ACROSS

- 1 Marked and imperfect pieces — a pound only (8)
- 5 Concerned with some cattle show (6)
- 10 Hooligans demonstrate affection in a backstreet (5)
- 11 Having caught the spirit, beat it! (5-4)
- 12 A sort of transport club. A name's needed (9)
- 13 Fit heavyweight — trains inside (3, 2)
- 14 The non-naive children wanted flimsy stuff (6)
- 15 Encourage a friend content in retirement (7)
- 16 Charwoman setting about heel with little hesitation (7)
- 20 Attacked — bombed maybe (6)
- 22 Player joining church group (8)
- 24 State whereabouts (8)
- 25 Didn't indulge a seaman — twisted instead (9)
- 26 "War, war is still the cry. War even to the..." (5)
- 27 Anything but war about a feature that's depressing (6)
- 28 In favour of investigations, yet makes complaint (8)

## DOWN

- 1 Possibly ten gunmen copers are to catch (6)
- 2 This will ensure a member is upright (5-4)
- 3 Keeps airborne? (7, 2, 3, 3)

**THE ANSWERS TO THE CROSSWORD PUZZLE NO. 5,987**

ACROSS  
1. POUNDS  
5. CATTLE  
10. BACKSTREET  
11. BEAT IT  
12. TRANSPORT CLUB  
13. FIT HEAVYWEIGHT  
14. FLIMSY STUFF  
15. ENCOURAGE A FRIEND  
16. CHARWOMAN  
20. BOMBED  
22. CHURCH GROUP  
24. WHEREABOUTS  
25. TWISTED  
26. WAR, WAR IS STILL THE CRY  
27. ANYTHING BUT WAR  
28. INVESTIGATIONS

DOWN  
1. TEN  
2. UPRIGHT  
3. AIRBORNE

## AUTHORISED UNIT TRUSTS

Abbey Unit Trust (a)

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## FT UNIT TRUST INFORMATION SERVICE

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Norwich Union Insurance Group  
 PO Box 4, Norwich NR1 3MG  
 0603 622200

Prudential Assurance Co.  
 Holborn Barr, London EC1N 2MH  
 Prudential  
 01-405 9222

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كتاب الفقه

Scandinavian Bk Fd Mgrs Ltd	Werborg Investment Management Jersey Ltd
PO Box 1954 Grand Cayman BVI	194-5, Canton St, New York, NY 10011
DBL Int'l Inv Fd Ltd	1000 Morris Ave, Dept 100, Jersey City, NJ 07310
Int'l Equity Fd	1000 Morris Ave, Dept 100, Jersey City, NJ 07310
Int'l Franch & Bus Dev	1000 Morris Ave, Dept 100, Jersey City, NJ 07310

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85th Asst. J. H. 121	1.35	85th Asst. J. H. 121	1.35
86th Asst. J. H. 121	1.35	86th Asst. J. H. 121	1.35
87th Asst. J. H. 121	1.35	87th Asst. J. H. 121	1.35
88th Asst. J. H. 121	1.35	88th Asst. J. H. 121	1.35
89th Asst. J. H. 121	1.35	89th Asst. J. H. 121	1.35
90th Asst. J. H. 121	1.35	90th Asst. J. H. 121	1.35
91st Asst. J. H. 121	1.35	91st Asst. J. H. 121	1.35
92nd Asst. J. H. 121	1.35	92nd Asst. J. H. 121	1.35
93rd Asst. J. H. 121	1.35	93rd Asst. J. H. 121	1.35
94th Asst. J. H. 121	1.35	94th Asst. J. H. 121	1.35
95th Asst. J. H. 121	1.35	95th Asst. J. H. 121	1.35
96th Asst. J. H. 121	1.35	96th Asst. J. H. 121	1.35
97th Asst. J. H. 121	1.35	97th Asst. J. H. 121	1.35
98th Asst. J. H. 121	1.35	98th Asst. J. H. 121	1.35
99th Asst. J. H. 121	1.35	99th Asst. J. H. 121	1.35
100th Asst. J. H. 121	1.35	100th Asst. J. H. 121	1.35

<b>Winget Services (Jersey) Ltd.</b>	0534 27363	<b>Warburg Investor Services (Jersey) Ltd.</b>	0324 74215
Chairman, J. H. 121	1.35	Chairman, J. H. 121	1.35
Vice Pres. J. H. 121	1.35	Vice Pres. J. H. 121	1.35
Sec. J. H. 121	1.35	Sec. J. H. 121	1.35
1st Asst. J. H. 121	1.35	1st Asst. J. H. 121	1.35
2nd Asst. J. H. 121	1.35	2nd Asst. J. H. 121	1.35
3rd Asst. J. H. 121	1.35	3rd Asst. J. H. 121	1.35
4th Asst. J. H. 121	1.35	4th Asst. J. H. 121	1.35
5th Asst. J. H. 121	1.35	5th Asst. J. H. 121	1.35
6th Asst. J. H. 121	1.35	6th Asst. J. H. 121	1.35
7th Asst. J. H. 121	1.35	7th Asst. J. H. 121	1.35
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14th Asst. J. H. 121	1.35	14th Asst. J. H. 121	1.35
15th Asst. J. H. 121	1.35	15th Asst. J. H. 121	1.35
16th Asst. J. H. 121	1.35	16th Asst. J. H. 121	1.35
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20th Asst. J. H. 121	1.35	20th Asst. J. H. 121	1.35
21st Asst. J. H. 121	1.35	21st Asst. J. H. 121	1.35
22nd Asst. J. H. 121	1.35	22nd Asst. J. H. 121	1.35
23rd Asst. J. H. 121	1.35	23rd Asst. J. H. 121	1.35
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27th Asst. J. H. 121	1.35	27th Asst. J. H. 121	1.35
28th Asst. J. H. 121	1.35	28th Asst. J. H. 121	1.35
29th Asst. J. H. 121	1.35	29th Asst. J. H. 121	1.35
30th Asst. J. H. 121	1.35	30th Asst. J. H. 121	1.35
31st Asst. J. H. 121	1.35	31st Asst. J. H. 121	1.35
32nd Asst. J. H. 121	1.35	32nd Asst. J. H. 121	1.35
33rd Asst. J. H. 121	1.35	33rd Asst. J. H. 121	1.35
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39th Asst. J. H. 121	1.35	39th Asst. J. H. 121	1.35
40th Asst. J. H. 121	1.35	40th Asst. J. H. 121	1.35
41st Asst. J. H. 121	1.35	41st Asst. J. H. 121	1.35
42nd Asst. J. H. 121	1.35	42nd Asst. J. H. 121	1.35
43rd Asst. J. H. 121	1.35	43rd Asst. J. H. 121	1.35
44th Asst. J. H. 121	1.35	44th Asst. J. H. 121	1.35
45th Asst. J. H. 121	1.35	45th Asst. J. H. 121	1.35
46th Asst. J. H. 121	1.35	46th Asst. J. H. 121	1.35
47th Asst. J. H. 121	1.35	47th Asst. J. H. 121	1.35
48th Asst. J. H. 121	1.35	48th Asst. J. H. 121	1.35
49th Asst. J. H. 121	1.35	49th Asst. J. H. 121	1.35
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67th Asst. J. H. 121	1.35	67th Asst. J. H. 121	1.35
68th Asst. J. H. 121	1.35	68th Asst. J. H. 121	1.35
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70th Asst. J. H. 121	1.35	70th Asst. J. H. 121	1.35
71st Asst. J. H. 121	1.35	71st Asst. J. H. 121	1.35
72nd Asst. J. H. 121	1.35	72nd Asst. J. H. 121	1.35
73rd Asst. J. H. 121	1.35	73rd Asst. J. H. 121	1.35
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78th Asst. J. H. 121	1.35	78th Asst. J. H. 121	1.35
79th Asst. J. H. 121	1.35	79th Asst. J. H. 121	1.35
80th Asst. J. H. 121	1.35	80th Asst. J. H. 121	1.35
81st Asst. J. H. 121	1.35	81st Asst. J. H. 121	1.35
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90th Asst. J. H. 121	1.35	90th Asst. J. H. 121	1.35
91st Asst. J. H. 121	1.35	91st Asst. J. H. 121	1.35
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93rd Asst. J. H. 121	1.35	93rd Asst. J. H. 121	1.35
94th Asst. J. H. 121	1.35	94th Asst. J. H. 121	1.35
95th Asst. J. H. 121	1.35	95th Asst. J. H. 121	1.35
96th Asst. J. H. 121	1.35	96th Asst. J. H. 121	1.35
97th Asst. J. H. 121	1.35	97th Asst. J. H. 121	1.35
98th Asst. J. H. 121	1.35	98th Asst. J. H. 121	1.35
99th Asst. J. H. 121	1.35	99th Asst. J. H. 121	1.35
10			

[illegible]

## Money Market Bank Accounts

[illegible][illegible]

## TRADITIONAL OPTIONS

3-month call rates		
Industrials	■	Marx & Spencer 118
		100-100-100

BCR	14	P S O DRO	20
BIR	45	Piersey	20
Babcock	20	Polly Peck	20

Boots	26	Boots	75
Bumsters	30	Shirts	12
Best American	49	Ties	42

Cashmere	17	Turner Newsall	18
Charter Corp.	22	Unilever	120
Cummins	28	Vickers	40

Gen Acad. m	75	Lamm Soc. . . . .	30
Gen Electr.	11	MEPC . . . . .	32
Class	100	Peacher . . . . .	24

Oil	75	Port of Call	100
Gas	32	Port Petroleum	108
Harbor	16	Buamali Oil	130
	153	Chambers	13

Jeppiaur	21	Fire-control	19
Lakshmi	32	Ultramarine	19
Local & Gen	79	Mines	19

A selection of Options traded is given on the London Stock Exchange Report Page.

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## CURRENCIES MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

## Dollar up in erratic trading

The dollar fluctuated quite sharply in nervous and erratic trading yesterday. There was no clear consensus as to how the dollar was likely to perform over the short term against a background of all price instability and conflicting views on how central banks viewed the dollar's recent performance. A number of large selling orders wiped away early optimism, the latter based on the Bank of Japan's reluctance to see the dollar fall any further, as rumours circulated — later proved false — that other central banks were selling dollars.

As the rumours proved unfounded, the dollar improved once more but lacked sufficient conviction to break through the DM 2.40 level against the DM. Consequently it fell back to finish 2.38 in the upper half of the day's range at DM 2.38, up from DM 2.3750 on Wednesday. There were no fresh economic figures to influence the dollar's movement, but the decline over the past few months had been with regard to encouraging exports and reducing the budget US trade deficit. The dollar closed at ¥179.65, compared with ¥179.50 and SF 1.8525, compared with SF 1.8525. It was higher against the French franc at FF 7.3950 from FF 7.2950. On Bank of England figures the dollar's exchange rate index rose to 120.5 from 119.9.

## POUND SPOT—FORWARD AGAINST POUND

April 3	Day's spread	Close	One month	Three months	%
UK	1.4845-1.4855	1.4850	0.83-0.85	1.43-1.45	3.95
Canada	2.0595-2.0605	2.0595	0.00-0.01	0.27-0.28	0.95
Norway	2.31-2.32	2.31	0.00-0.01	0.27-0.28	0.95
Belgium	70.95-71.05	71.00	0.00-0.01	0.27-0.28	0.95
Denmark	12.95-13.05	12.95	0.00-0.01	0.27-0.28	0.95
Italy	13.95-14.05	13.95	0.00-0.01	0.27-0.28	0.95
W. Germany	2.47-2.48	2.47	0.00-0.01	0.27-0.28	0.95
Portugal	21.95-22.05	21.95	0.00-0.01	0.27-0.28	0.95
Spain	16.95-17.05	16.95	0.00-0.01	0.27-0.28	0.95
France	23.95-24.05	23.95	0.00-0.01	0.27-0.28	0.95
Sweden	10.95-11.05	10.95	0.00-0.01	0.27-0.28	0.95
Japan	269.5-270.5	269.5	0.00-0.01	0.27-0.28	0.95
Austria	13.95-14.05	13.95	0.00-0.01	0.27-0.28	0.95
Switzerland	2.05-2.06	2.05	0.00-0.01	0.27-0.28	0.95
Belgium	2.31-2.32	2.31	0.00-0.01	0.27-0.28	0.95
Six-month forward dollar	2.31-2.32	2.31	0.00-0.01	0.27-0.28	0.95

## DOLLAR SPOT—FORWARD AGAINST DOLLAR

April 3	Day's spread	Close	One month	Three months	%
UK	1.4845-1.4855	1.4850	0.83-0.85	1.43-1.45	3.95
Canada	2.0595-2.0605	2.0595	0.00-0.01	0.27-0.28	0.95
Norway	2.31-2.32	2.31	0.00-0.01	0.27-0.28	0.95
Belgium	70.95-71.05	71.00	0.00-0.01	0.27-0.28	0.95
Denmark	12.95-13.05	12.95	0.00-0.01	0.27-0.28	0.95
Italy	13.95-14.05	13.95	0.00-0.01	0.27-0.28	0.95
W. Germany	2.47-2.48	2.47	0.00-0.01	0.27-0.28	0.95
Portugal	21.95-22.05	21.95	0.00-0.01	0.27-0.28	0.95
Spain	16.95-17.05	16.95	0.00-0.01	0.27-0.28	0.95
France	23.95-24.05	23.95	0.00-0.01	0.27-0.28	0.95
Sweden	10.95-11.05	10.95	0.00-0.01	0.27-0.28	0.95
Japan	269.5-270.5	269.5	0.00-0.01	0.27-0.28	0.95
Austria	13.95-14.05	13.95	0.00-0.01	0.27-0.28	0.95
Switzerland	2.05-2.06	2.05	0.00-0.01	0.27-0.28	0.95
Belgium	2.31-2.32	2.31	0.00-0.01	0.27-0.28	0.95
Six-month forward dollar	2.31-2.32	2.31	0.00-0.01	0.27-0.28	0.95

## EURO CURRENCY INTEREST RATES

April 3	Short term	7 Days	1 Month	3 Months	6 Months	1 Year
UK	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%
US	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%
Canada	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%
France	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%
Germany	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%
Italy	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%
Spain	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%
Japan	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%
Austria	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%
Switzerland	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%
Belgium	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%
Six-month forward dollar	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%

## EXCHANGE CROSS RATES

April 3	Short term	7 Days	1 Month	3 Months	6 Months	1 Year
UK	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%
US	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%
Canada	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%
France	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%
Germany	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%
Italy	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%
Spain	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%
Japan	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%
Austria	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%
Switzerland	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%
Belgium	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%
Six-month forward dollar	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%

## MONEY MARKETS

## London rates easier

Interest rates declined on the London money market yesterday as dealers remained optimistic of a cut in clearing bank base rates. A reduction of 1 per cent to 11 per cent is expected, providing next week's UK money supply figures are satisfactory, and there are no shocks with regard to sterling or the dollar. Ministers from the Organisation of Petroleum Exporting Countries are expected to meet in Geneva on April 15, and according to the Indonesian oil minister, speaking in Jakarta yesterday, agreement on production cuts is likely.

Three-month interbank fell to 11.11 per cent from 11.11 per cent.

The Bank of England initially forecast a market shortage of around £400m, but changed this to £200m at noon, and to £400m in the afternoon. Total assistance was £200m.

Before lunch the authorities bought £120m bills outright, by way of £20m bank bills in band 1 at 11 per cent, £90m bank bills in band 2 at 11.11 per cent, and £10m local authority bills in band 3 at 11 per cent, and £20m bank bills in band 3 at 11 per cent.

In the afternoon £140m bills were purchased outright, through £15m bank bills in band 2 at 11.11 per cent, £125m bank bills in band 3 at 11.11 per cent, and £10m local authority bills in band 3 at 11 per cent.

## NEW YORK RATES

April 3	Over night	One month	Three months	Six months	One year
UK	11.11%	11.11%	11.11%	11.11%	11.11%
US	11.11%	11.11%	11.11%	11.11%	11.11%
Canada	11.11%	11.11%	11.11%	11.11%	11.11%
France	11.11%	11.11%	11.11%	11.11%	11.11%
Germany	11.11%	11.11%	11.11%	11.11%	11.11%
Italy	11.11%	11.11%	11.11%	11.11%	11.11%
Spain	11.11%	11.11%	11.11%	11.11%	11.11%
Japan	11.11%	11.11%	11.11%	11.11%	11.11%
Austria	11.11%	11.11%	11.11%	11.11%	11.11%
Switzerland	11.11%	11.11%	11.11%	11.11%	11.11%
Belgium	11.11%	11.11%	11.11%	11.11%	11.11%
Six-month forward dollar	11.11%	11.11%	11.11%	11.11%	11.11%

## MONEY RATES

April 3	Over night	One month	Three months	Six months	One year
UK	11.11%	11.11%	11.11%	11.11%	11.11%
US	11.11%	11.11%	11.11%	11.11%	11.11%
Canada	11.11%	11.11%	11.11%	11.11%	11.11%
France	11.11%	11.11%	11.11%	11.11%	11.11%
Germany	11.11%	11.11%	11.11%	11.11%	11.11%
Italy	11.11%	11.11%	11.11%	11.11%	11.11%
Spain	11.11%	11.11%	11.11%	11.11%	11.11%
Japan	11.11%	11.11%	11.11%	11.11%	11.11%
Austria	11.11%	11.11%	11.11%	11.11%	11.11%
Switzerland	11.11%	11.11%	11.11%	11.11%	11.11%
Belgium	11.11%	11.11%	11.11%	11.11%	11.11%
Six-month forward dollar	11.11%	11.11%	11.11%	11.11%	11.11%

## FINANCIAL FUTURES

## Late fall in gilts

Long term gilt futures fell in late trading on the London International Financial Futures Exchange yesterday. Dealers could find no particular reason for the fall, but mentioned nervousness at the recent strength of both sterling and dollar to be a factor, that central banks were selling dollars. The US unit rose to DM 2.3855 from DM 2.3710, although it finished below the day's high of DM 2.3855. Trading was rather subdued.

JAPANESE YEN — Trading range against the dollar in 1986 is 262.75 to 270.00. March average 267.85. Exchange rate index 1985 against 171.6 six months ago.

Trading was active but confined to a fairly narrow range in Tokyo yesterday. Most of the dollar's improvement had already taken place in New York. However, there was little clear indication of the dollar's overall trend since its recent rise has been mostly in reaction to the Bank of Japan's limited dollar buying, and there have been no changes in fundamentals. With the central bank's published intention to intervene in any situation which it deems necessary, there was little incentive yesterday to become too deeply committed. The dollar closed at ¥179.90 in New York and ¥179.50 in Tokyo on Wednesday.

## LIFE LONG GILT FUTURES OPTIONS

Strike	June	Sept	Dec	Mar	June	Sept	Dec	Mar
115	10.08	7.25			9.74	1.24		
116	8.21	10.05			0.27	1.55		
117	8.42				0.43			
122	5.19	7.25			1.76	1.31		
124	1.55	8.16			1.81	4.01		
125	0.10				2.56			
128	1.59	8.16			4.01	5.04		
129	0.10				4.01			
130	1.18	3.51			2.24	7.17		
132	0.10				4.58			
Estimated volume total, Calls 725, Puts 120								
Previous day's open int, Calls 7,985, Puts 1,628								
LFFFE E/S / OPTIONS								
225,000 (cents per £2)								
Strike	June	Sept	Dec	Mar	June	Sept	Dec	Mar
1.20		26.12				0.01		
1.25	21.12		21.12	0.00		0.06	0.55	
1.30	11.12	16.12		0.00		0.09	1.15	
1.35	11.12	11.12	11.12	0.00	0.00	0.81	2.38	
1.40	6.12	6.88	7.00	7.26	0.11	1.32	2.16	4.10
1.45	1.12	1.12	1.12	4.37	0.23	4.39	1.52	4.10
1.50	0.34	1.62	2.16	4.45	4.38	5.28	7.26	3.50
Estimated volume total, Calls 485, Puts 221								
Previous day's open int, Calls 5,023, Puts 0,761								
PHILADELPHIA S/E / OPTIONS								
LFFFE—Eurozone, 60								

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Funer	632	-	5	52.2	3	26.6
Patrolman	630	-	5	50.3	3	26.2
Police Insp. 100-10	625	-	5	48.5	3	25.3
Police S. & W.	620	-	5	46.8	3	24.5
Police Insp. 100-10	615	-	5	45.0	3	23.6
Police Insp. 100-10	610	-	5	43.2	3	22.8
Police Insp. 100-10	605	-	5	41.4	3	21.9
Police Insp. 100-10	600	-	5	39.6	3	21.0
Police Insp. 100-10	595	-	5	37.8	3	20.1
Police Insp. 100-10	590	-	5	36.0	3	19.2
Police Insp. 100-10	585	-	5	34.2	3	18.3
Police Insp. 100-10	580	-	5	32.4	3	17.4
Police Insp. 100-10	575	-	5	30.6	3	16.5
Police Insp. 100-10	570	-	5	28.8	3	15.6
Police Insp. 100-10	565	-	5	27.0	3	14.7
Police Insp. 100-10	560	-	5	25.2	3	13.8
Police Insp. 100-10	555	-	5	23.4	3	12.9
Police Insp. 100-10	550	-	5	21.6	3	12.0
Police Insp. 100-10	545	-	5	19.8	3	11.1
Police Insp. 100-10	540	-	5	18.0	3	10.2
Police Insp. 100-10	535	-	5	16.2	3	9.3
Police Insp. 100-10	530	-	5	14.4	3	8.4
Police Insp. 100-10	525	-	5	12.6	3	7.5
Police Insp. 100-10	520	-	5	10.8	3	6.6
Police Insp. 100-10	515	-	5	9.0	3	5.7
Police Insp. 100-10	510	-	5	7.2	3	4.8
Police Insp. 100-10	505	-	5	5.4	3	3.9
Police Insp. 100-10	500	-	5	3.6	3	3.0
Police Insp. 100-10	495	-	5	1.8	3	2.1
Police Insp. 100-10	490	-	5	0.0	3	1.2
Police Insp. 100-10	485	-	5	-1.8	3	0.3
Police Insp. 100-10	480	-	5	-3.6	3	-0.6
Police Insp. 100-10	475	-	5	-5.4	3	-1.5
Police Insp. 100-10	470	-	5	-7.2	3	-2.4
Police Insp. 100-10	465	-	5	-9.0	3	-3.3
Police Insp. 100-10	460	-	5	-10.8	3	-4.2
Police Insp. 100-10	455	-	5	-12.6	3	-5.1
Police Insp. 100-10	450	-	5	-14.4	3	-6.0
Police Insp. 100-10	445	-	5	-16.2	3	-6.9
Police Insp. 100-10	440	-	5	-18.0	3	-7.8
Police Insp. 100-10	435	-	5	-19.8	3	-8.7
Police Insp. 100-10	430	-	5	-21.6	3	-9.6
Police Insp. 100-10	425	-	5	-23.4	3	-10.5
Police Insp. 100-10	420	-	5	-25.2	3	-11.4
Police Insp. 100-10	415	-	5	-27.0	3	-12.3
Police Insp. 100-10	410	-	5	-28.8	3	-13.2
Police Insp. 100-10	405	-	5	-30.6	3	-14.1
Police Insp. 100-10	400	-	5	-32.4	3	-15.0
Police Insp. 100-10	395	-	5	-34.2	3	-15.9
Police Insp. 100-10	390	-	5	-36.0	3	-16.8
Police Insp. 100-10	385	-	5	-37.8	3	-17.7
Police Insp. 100-10	380	-	5	-39.6	3	-18.6
Police Insp. 100-10	375	-	5	-41.4	3	-19.5
Police Insp. 100-10	370	-	5	-43.2	3	-20.4
Police Insp. 100-10	365	-	5	-45.0	3	-21.3
Police Insp. 100-10	360	-	5	-46.8	3	-22.2
Police Insp. 100-10	355	-	5	-48.6	3	-23.1
Police Insp. 100-10	350	-	5	-50.4	3	-24.0
Police Insp. 100-10	345	-	5	-52.2	3	-24.9
Police Insp. 100-10	340	-	5	-54.0	3	-25.8
Police Insp. 100-10	335	-	5	-55.8	3	-26.7
Police Insp. 100-10	330	-	5	-57.6	3	-27.6
Police Insp. 100-10	325	-	5	-59.4	3	-28.5
Police Insp. 100-10	320	-	5	-61.2	3	-29.4
Police Insp. 100-10	315	-	5	-63.0	3	-30.3
Police Insp. 100-10	310	-	5	-64.8	3	-31.2
Police Insp. 100-10	305	-	5	-66.6	3	-32.1
Police Insp. 100-10	300	-	5	-68.4	3	-33.0
Police Insp. 100-10	295	-	5	-70.2	3	-33.9
Police Insp. 100-10	290	-	5	-72.0	3	-34.8
Police Insp. 100-10	285	-	5	-73.8	3	-35.7
Police Insp. 100-10	280	-	5	-75.6	3	-36.6
Police Insp. 100-10	275	-	5	-77.4	3	-37.5
Police Insp. 100-10	270	-	5	-79.2	3	-38.4
Police Insp. 100-10	265	-	5	-81.0	3	-39.3
Police Insp. 100-10	260	-	5	-82.8	3	-40.2
Police Insp. 100-10	255	-	5	-84.6	3	-41.1
Police Insp. 100-10	250	-	5	-86.4	3	-42.0
Police Insp. 100-10	245	-	5	-88.2	3	-42.9
Police Insp. 100-10	240	-	5	-90.0	3	-43.8
Police Insp. 100-10	235	-	5	-91.8	3	-44.7
Police Insp. 100-10	230	-	5	-93.6	3	-45.6
Police Insp. 100-10	225	-	5	-95.4	3	-46.5
Police Insp. 100-10	220	-	5	-97.2	3	-47.4
Police Insp. 100-10	215	-	5	-99.0	3	-48.3
Police Insp. 100-10	210	-	5	-100.8	3	-49.2
Police Insp. 100-10	205	-	5	-102.6	3	-50.1
Police Insp. 100-10	200	-	5	-104.4	3	-51.0
Police Insp. 100-10	195	-	5	-106.2	3	-51.9
Police Insp. 100-10	190	-	5	-108.0	3	-52.8
Police Insp. 100-10	185	-	5	-109.8	3	-53.7
Police Insp. 100-10	180	-	5	-111.6	3	-54.6
Police Insp. 100-10	175	-	5	-113.4	3	-55.5
Police Insp. 100-10	170	-	5	-115.2	3	-56.4
Police Insp. 100-10	165	-	5	-117.0	3	-57.3
Police Insp. 100-10	160	-	5	-118.8	3	-58.2
Police Insp. 100-10	155	-	5	-120.6	3	-59.1
Police Insp. 100-10	150	-	5	-122.4	3	-60.0
Police Insp. 100-10	145	-	5	-124.2	3	-60.9
Police Insp. 100-10	140	-	5	-126.0	3	-61.8
Police Insp. 100-10	135	-	5	-127.8	3	-62.7
Police Insp. 100-10	130	-	5	-129.6	3	-63.6
Police Insp. 100-10	125	-	5	-131.4	3	-64.5
Police Insp. 100-10	120	-	5	-133.2	3	-65.4
Police Insp. 100-10	115	-	5	-135.0	3	-66.3
Police Insp. 100-10	110	-	5	-136.8	3	-67.2
Police Insp. 100-10	105	-	5	-138.6	3	-68.1
Police Insp. 100-10	100	-	5	-140.4	3	-69.0
Police Insp. 100-10	95	-	5	-142.2	3	-69.9
Police Insp. 100-10	90	-	5	-144.0	3	-70.8
Police Insp. 100-10	85	-	5	-145.8	3	-71.7
Police Insp. 100-10	80	-	5	-147.6	3	-72.6
Police Insp. 100-10	75	-	5	-149.4	3	-73.5
Police Insp. 100-10	70	-	5	-151.2	3	-74.4
Police Insp. 100-10	65	-	5	-153.0	3	-75.3
Police Insp. 100-10	60	-	5	-154.8	3	-76.2
Police Insp. 100-10	55	-	5	-156.6	3	-77.1
Police Insp. 100-10	50	-	5	-158.4	3	-78.0
Police Insp. 100-10	45	-	5	-160.2	3	-78.9
Police Insp. 100-10	40	-	5	-162.0	3	-79.8
Police Insp. 100-10	35	-	5	-163.8	3	-80.7
Police Insp. 100-10	30	-	5	-165.6	3	-81.6
Police Insp. 100-10	25	-	5	-167.4	3	-82.5
Police Insp. 100-10	20	-	5	-169.2	3	-83.4
Police Insp. 100-10	15	-	5	-171.0	3	-84.3
Police Insp. 100-10	10	-	5	-172.8	3	-85.2
Police Insp. 100-10	5	-	5	-174.6	3	-86.1
Police Insp. 100-10	0	-	5	-176.4	3	-87.0
Police Insp. 100-10	-5	-	5	-178.2	3	-87.9
Police Insp. 100-10	-10	-	5	-180.0	3	-88.8
Police Insp. 100-10	-15	-	5	-181.8	3	-89.7
Police Insp. 100-10	-20	-	5	-183.6	3	-90.6
Police Insp. 100-10	-25	-	5	-185.4	3	-91.5
Police Insp. 100-10	-30	-	5	-187.2	3	-92.4
Police Insp. 100-10	-35	-	5	-189.0	3	-93.3
Police Insp. 100-10	-40	-	5	-190.8	3	-94.2
Police Insp. 100-10	-45	-	5	-192.6	3	-95.1
Police Insp. 100-10	-50	-	5	-194.4	3	-96.0
Police Insp. 100-10	-55	-	5	-196.2	3	-96.9
Police Insp. 100-10	-60	-	5	-198.0	3	-97.8
Police Insp. 100-10	-65	-	5	-199.8	3	-98.7
Police Insp. 100-10	-70	-	5	-201.6	3	-99.6
Police Insp. 100-10	-75	-	5	-203.4	3	-100.5
Police Insp. 100-10	-80	-	5	-205.2	3	-101.4
Police Insp. 100-10	-85	-	5	-207.0	3	-102.3
Police Insp. 100-10	-90	-	5	-208.8	3	-103.2
Police Insp. 100-10	-95	-	5	-210.6	3	-104.1
Police Insp. 100-10	-100	-	5	-212.4	3	-105.0
Police Insp. 100-10	-105	-	5	-214.2	3	-105.9
Police Insp. 100-10	-110	-	5	-216.0	3	-106.8
Police Insp. 100-10	-115	-	5	-217.8	3	-107.7
Police Insp. 100-10	-120	-	5	-219.6	3	-108.6
Police Insp. 100-10	-125	-	5	-221.4	3	-109.5
Police Insp. 100-10	-130	-	5	-223.2	3	-110.4
Police Insp. 100-10	-135	-	5	-225.0	3	-111.3
Police Insp. 100-10	-140	-	5	-226.8	3	-112.2
Police Insp. 100-10	-145	-	5	-228.6	3	-113.1
Police Insp. 100-10	-150	-	5	-230.4	3	-114.0
Police Insp. 100-10	-155	-	5	-232.2	3	-114.9
Police Insp. 100-10	-160	-	5	-234.0	3	-115.8
Police Insp. 100-10	-165	-	5	-235.8	3	-116.7
Police Insp. 100-10	-170	-	5	-237.6	3	-117.6
Police Insp. 100-10	-175	-	5	-239.4	3	-118.5
Police Insp. 100-10	-180	-	5	-241.2	3	-119.4
Police Insp. 100-10	-185	-	5	-243.0	3	-120.3
Police Insp. 100-10	-190	-	5	-244.8	3	-121.2
Police Insp. 100-10	-195	-	5	-246.6	3	-122.1
Police Insp. 100-10	-200	-	5	-248.4	3	-123.0
Police Insp. 100-10	-205	-	5	-250.2	3	-123.9
Police Insp. 100-10	-210	-	5	-252.0	3	-124.8
Police Insp. 100-10	-215	-	5	-253.8	3	-125.7
Police Insp. 100-10	-220	-	5	-255.6	3	-126.6
Police Insp. 100-10	-225	-	5	-257.4	3	-127.5
Police Insp. 100-10	-230	-	5	-259.2	3	-128.4
Police Insp. 100-10	-235	-	5	-261.0	3	-129.3
Police Insp. 100-10	-240	-	5	-262.8	3	-130.2
Police Insp. 100-10	-245	-	5	-264.6	3	-131.1
Police Insp. 100-10	-250	-	5	-266.4	3	-132.0
Police Insp. 100-10	-255	-	5	-268.2	3	-132.9
Police Insp. 100-10	-260	-	5	-270.0	3	-133.8
Police Insp. 100-10	-265	-	5	-271.8	3	-134.7
Police Insp. 100-10	-270	-	5	-273.6	3	-135.6
Police Insp. 100-10	-275	-	5	-275.4	3	-136.5
Police Insp. 100-10	-280	-	5	-277.2	3	-137.4
Police Insp. 100-10	-285	-	5	-279.0	3	-138.3
Police Insp. 100-10	-290	-	5	-280.8	3	-139.2
Police Insp. 100-10	-295	-	5	-282.6	3	-140.1
Police Insp. 100-10	-300	-	5	-284.4	3	-141.0
Police Insp. 100-10	-305	-	5	-286.2	3	-141.9
Police Insp. 100-10	-310	-	5	-288.0	3	-142.8
Police Insp. 100-10	-315	-	5	-289.8	3	-143.7
Police Insp. 100-10	-320	-	5	-291.6	3	-144.6
Police Insp. 100-10	-325	-	5	-293.4	3	-145.5
Police Insp. 100-10	-330	-	5	-295.2	3	-146.4
Police Insp. 100-10	-335	-	5	-297.0	3	-147.3
Police Insp. 100-10	-340	-	5	-298.8	3	-148.2
Police Insp. 100-10	-345	-	5	-300.6	3	-149.1
Police Insp. 100-10	-350	-	5	-302.4	3	-150.0
Police Insp. 100-10	-355	-				

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Prices at 3 pm, April 3

**Continued on Page 41**

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**Continued on Page 4**

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# FINANCIAL TIMES

## WORLD STOCK MARKETS

### WALL STREET

## See-sawing on oil price uncertainty

THE UNCERTAINTIES over world oil prices continued to overshadow the US securities markets yesterday, writes Terry Byland in New York.

Bond prices opened higher, still benefiting from the White House decision not to help Saudi Arabia stabilise oil prices, but were quickly undermined by reports that Opec hoped to reach agreement on output at its April 15 meeting in Geneva. Busy trading in the stock market left prices showing an irregular pattern.

At 2 pm the Dow Jones Industrial average was 0.4 up at 1,796.10.

The bond markets were also unsettled by a rally in crude oil futures on the New York Mercantile Exchange, soon counter-balanced by rumours that the Soviet Union might be a seller of oil. Bond futures moved erratically, leading the cash market lower at mid-session when the key long bond was down by half a point.

The larger New York banks steadied after a bout of nerves over their domestic energy portfolios. Citicorp added 5% to \$50%, Bankers Trust 5% to \$45% and J.P. Morgan 5% to \$76%.

But tremors erupted among the Texas banks after reports that the federal banking authorities were preparing con-

tingency plans for banks in the domestic energy states. At 58, First City Bancorp of Texas shed \$1.

Tobacco provided a weak feature after a date was set for the next legal claim against a major cigarette manufacturer by an alleged victim of smoking. Liggett Group, a subsidiary of grand Met of the UK, must defend itself early next month in a federal court in Boston.

Philip Morris fell 1 1/4% to \$113 1/4 and R.J. Reynolds 5/4% to \$39 1/4, both in hefty trading although not all analysts agreed tobacco stocks should be sold.

However, the stock market was boosted by another recovery in IBM, which gained 1 1/4% to \$152 1/4 in good turnover. Digital Equipment, second to IBM in the data processing business and which was also helped by comment in the investment press, jumped 5/4% to \$137 1/4.

Gains elsewhere in technology issues were more modest. Honeywell adding 3/4% to \$74 1/4, Burroughs 5/4% to \$84 1/4 and Control Data 5/4% to \$23 1/4.

Similarly undecided were the defence/aerospace stocks and the broader range of manufacturing issues. General Electric shed 5/4% to \$77 1/4 and Lockheed 5/4% to \$56 1/4. But General Dynamics edged up 5/4% to \$87 1/4.

Airlines held steady although there was concern over the explosion aboard a passenger airliner near Athens. TWA eased 5/4% to \$17 1/4 and United shed 5/4% to \$56 1/4, but Delta, at \$44 1/4, gained 5/4%. Pan Am eased 5/4% to \$7 1/4.

Bearish comment on the decisions to lay off staff and reduce production took another 5/4% off General Motors at \$82 1/4. Ford joined the downturn among the

Detroit stocks, shedding 5 1/4% to \$81 1/4, but Chrysler steadied 5/4% to \$43 1/4.

Oils remained mixed as Wall Street swayed between bullish and bearish rumours about crude prices. Exxon edged up 5/4% to \$56 1/4 while Mobil shed 5/4% to \$39 1/4. Ashland Oil at \$49 1/4 was 5/4% firmer as the stock settled after the repurchase of the Belberg stake.

The same pattern was established among chemicals, which are also strongly influenced by oil prices, a main factor in feedstock expenses. Du Pont at \$75 1/4 was 5/4% up but lightly traded, as was Monsanto, up 5/4% to \$81 1/4.

Brighter features were found among the retail issues, where K mart stood out with a gain of \$1 to \$46, and Toys R Us added a further 5/4% to \$43. Sears, which has been troubled by the uncertainty in the credit markets where its financial services subsidiaries operate, recouped 5/4% to \$48 1/4.

The credit markets were slightly disappointed when mid-day passed without further intervention from the Federal Reserve. Short-term rates remained unchanged, with federal funds still comfortably low at 3 1/4% per cent for much of the session.

Bonds slid lower as the morning progressed, amid uncertainties over oil prices. The yield on the long-dated federal issue moved up to 7.42 per cent.

### LONDON

## Stores lead the charge to records

STORES LED the charge higher in London yesterday on the back of a contested battle for Woolworth.

Retailer Dixons attempted to takeover Woolworth with a bid valued at nearly £1.8bn, which was called derisory by the Woolworth board.

Woolworth touched 890p before closing 27p up at 860p while Dixons ended 50p higher at 420p.

The FT Ordinary share index rose 6.5 to 1,425.9, and the FT-SE 100 gained 14.7 to 1,171.6.

Gifts were mixed, with long easing and shorts and index-linked stock posting small gains.

Chief price changes, Page 41; Details, Page 40; Share information service, Pages 38-39.

### AUSTRALIA

HEAVY TRADING in BHP, following a renewed takeover bid from Bell Resources, pushed prices higher in Sydney yesterday.

About 1m shares changed hands in BHP, which rose 4 cents to AS\$6.40, and Bell Resources ended steady again at AS\$4.90. Parent company Bell Group lost 4 cents to AS\$7.36.

News Corp continued to rise, adding 40 cents to AS\$16.50, and in other media issues Fairfax gained 20 cents to AS\$7.70 while Herald and Weekly Times gave up 10 cents to AS\$5.90.

### SINGAPORE

AFTERNOON profit-taking contributed to Singapore's lower trend yesterday as worries over the political situation in Malaysia and concern over the stock-holding industry resurfaced.

The Straits Times industrial index shed 4.13 to 593.28, and turnover fell to 9.4m shares against 13.7m on Wednesday.

Singapore Airlines was most heavily traded with 898,000 shares changing hands. It ended 35 cents lower at S\$8.15 while Raleigh, also active, lost 19 cents to S\$1.65.

### HONG KONG

HEALTHY corporate reports boosted Hong Kong yesterday, and prices made a strong recovery.

The Hang Seng index jumped 21.93 to 1,625.20 while the Hong Kong index, a new calculation based on 45 stocks in six sectors, gained 13.76 to 1,013.76.

Utilities scored the strongest gains, with China Light and Power 40 cents higher at HK\$15.80, Hongkong and China Gas 10 cents up at HK\$8.65 and Hongkong Telephone 30 cents firmer at HK\$9.80.

### SOUTH AFRICA

FIRMNESS established itself in Johannesburg yesterday, assisted by the slightly higher world hulkion price.

Vaal Reefs rose R4.50 to R222, Kloof 25 cents to R22.50, Buffels R1.50 to R74 and Driefontein R1 to R54.50.

In other mining issues Gencor added R1 to R41, Rustenburg Platinum 75 cents to R35.50 and De Beers 15 cents to R23.50.

Banks were mixed, with Barclays off 25 cents to R19.50 and Nedbank steady at R8.40.

### CANADA

MOST SECTORS moved higher in Toronto as Wall Street recovered.

Hiram Walker, top of the actives, rose C\$4 to C\$35 as moves were made to try to block Allied's purchase of Walker's liquor business.

Genstar was also active, adding C\$4 to C\$37 after agreeing to accept Imasco's amended takeover bid. Imasco jumped C\$2 1/2 to C\$35 1/2.

Gold turned lower in Montreal while gains were made in the oil and gas sector.

### TOKYO

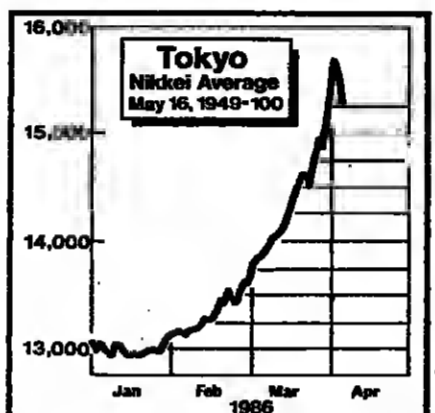
## Central bank report spurs heavy selling

WARY INVESTORS sent Tokyo plunging downwards yesterday, but a late rally recouped some of these earlier losses, writes Shigeo Nishiwaki of Jiji Press.

The Nikkei average registered its fourth steepest fall ever of 283.27 points to 15,272.24 on a volume of 870.26m shares, down from Wednesday's 825.16m. The index shed 409 points early in the afternoon, the highest drop on record. Losses led gains 586 to 287, with 92 issues unchanged.

Investors, increasingly wary of the two-month-long uptrend in prices, were prompted to unload Wednesday's warning from the Bank of Japan governor against speculative stock and bond investments held by corporations. Selling was also spurred by reports that the central bank would curb corporate lending by banks because the funds are used for speculative investment.

Light selling by individual investors began in the morning, pushing down the leading issues which had fuelled the



market's upsurge. Mitsubishi Estate slipped below ¥2,000 to close at ¥1,940, down ¥70, after losing ¥120 at one stage.

Mitsui Real Estate fell ¥100 to ¥1,500. Asset-heavy Nippon Yusen was ¥16 down at ¥449 and Tokai ¥14 to ¥876.

Utilities also sagged, with Tokyo Electric Power plummeting ¥300 temporarily and finishing ¥220 down at ¥3,800. Tokyo Gas fell ¥13 to ¥402.

Among large-capital issues Nippon Steel declined ¥5 to ¥172 and Mitsubishi Heavy Industries ¥9 to ¥399.

Nomura Securities and Sumitomo Bank lost further ground, dropping ¥110 to ¥1,870 and ¥150 to ¥1,950, respectively. Other financials fell, with Tokai Marine and Fire ending ¥100 lower at ¥1,170.

As selling tapered off in the afternoon, purchases of major speculative stocks

increased, taking leading issues with them. Notable among gainers was Asahi Chemical, which continued to rise and added ¥24 to ¥908 on the heaviest trading of 33.34m shares.

Dredging companies became popular, bolstered by the ¥5,000bn project to build a new international airport off Osaka. Penta-Ocean Construction, the fourth busiest share, soared ¥80 to ¥771, and Toyo Construction ¥80 to ¥508, both daily limit gains. Nihon Cement advanced ¥16 to ¥576 on the second largest volume of 25.17m shares.

On the bond market, panic selling sharply boosted the yield on the bellwether 6.2 per cent government bond due in July 1995 to 4.73 per cent from Wednesday's 4.575 per cent. But buying later soared as hopes grew that the central bank's lending curbs would be relatively light and drove the yield down to 4.580 per cent. On the over-the-counter market the bond traded later at a yield of 4.580 per cent, lower than on Wednesday.

### EUROPE

## Highs hit as upturn resumes

THE UPWARD trend resumed in Europe yesterday as investors were encouraged by a late overnight recovery on Wall Street, the firmer dollar and more stable oil prices.

All the major bourses ended the day higher, with Brussels and Stockholm again leading the pack to close at new highs for the year for the third consecutive session.

Lower unemployment figures for March helped lift Frankfurt out of Wednesday's lethargy. The Commerzbank managed an increase of 16.9 to close at 2,124.0.

Banks led much of the rise boosted by hopes of lower interest rates. Deutsche Bank added DM 15 to DM 877 on hopes of good profits from the planned flotation of the Flick industrial group. Dresdner was up DM 6.50 to DM 454.50 ex rights and Commerzbank firmed DM 3 to DM 331.50.

Car makers also closed generally higher, with VW up DM 4.20 to DM 603.20 following plans to boost capital spending and BMW was DM 5 higher at DM 547. Daimler again fell DM 1 to DM 1,330.

Chemical stock BASF, which announced higher profits, rose DM 3.30 to DM 320, and Hoechst added 50 pf to DM 312.50. Profit-taking left Bayer DM 2 lower at DM 342.50.

Electricals closed mixed leaving Siemens DM 1.80 up at DM 702.80 but AEG 70 pf off at DM 332.20.

In the bond market profit-taking left longer-dated issues up to 20 basis points lower with prices of shorter-dated maturities also lower.

The Bundesbank bought DM 3.9m of domestic paper compared with DM 40.6m on Wednesday.

US factors helped Amsterdam to close a marginal 1.6 higher at 268.9 although some shares had edged back from their day's high by the close.

Royal Dutch continued to rise on oil price hopes adding F1.1 to F1 193.30.

Good gains by Unilever, up F1 4.7 at F1 428, and Akzo up F1 2.3 at F1 176.20, helped the market end higher on balance.

Among banks ABN rose F1 1.50 to F1 597.50, but NMB, which announced a rights issue on Wednesday, slipped F1 5 to F1 297.50.

Steel group Hoogovens, which plans a one-for-10 rights issue, closed up F1 1.60 at F1 102.

Most bond prices ended unchanged in thin trading.

Continued optimism over the economy gave another boost to Brussels where the Belgian Stock Exchange index rose 27.23 to a 1986 peak of 3,609.48.

Petrofina again shrugged off oil worries and added BFr 90 to close at BFr 7,280.

Financials generally rose with the trend. GBL added BFr 65 to BFr 3,215 at BFr 4,785.

Institutional buying, spurred by the firmer dollar, again lifted Zurich.

Banks and insurances in particular saw healthy gains and encouraged much of the rise with Bank Bear beaver adding SFr 450 to SFr 16,400, Swiss Bank SFr 4 to SFr 616, Winterthur SFr 250 to SFr 6,600 and Baloise participation certificate SFr 150 to SFr 3,325.

Smaller gains were recorded in chemicals, with Ciba Geigy up SFr 65 at SFr 4,055 and Sandoz up SFr 30 to SFr 1,890.

Bonds closed mostly unchanged.

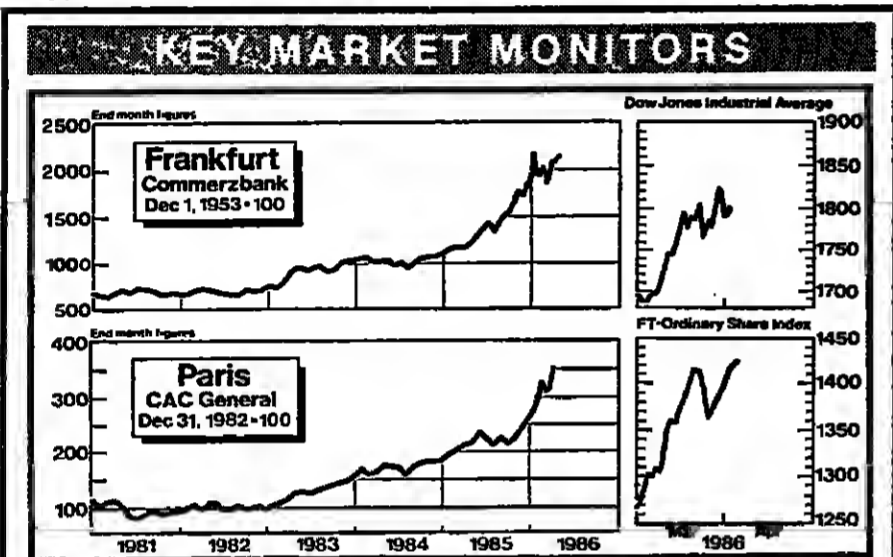
Milan moved against the trend, closing lower on the first day of Consob's crackdown on option dealing in a bid to dampen speculation.

However, some blue chips ended the day higher, with Fiat on hopes of an agreement with Ford in Europe, up L200 at L12,750, and Olivetti L650 higher at L17,200. Montedison, which announced its first profits since 1979, closed L30 higher at L4,430.

A new all-time peak was reached in Stockholm for the third consecutive session this week as hopes grew for a quick settlement of the current wage talks.

Among leaders Ericsson added SKr 5 to SKr 290, Volvo SKr 14 to SKr 963 and ASEA SKr 5 to SKr 490.

Profit-taking died off in Paris which resumed its upward trend while Oslo continued firmer led again by rising oil shares. Utilities took Madrid lower.



STOCK MARKET INDICES				
	NEW YORK	April 3	Previous	Year ago
DJ Industrials	1,796.10	1,795.26	1,258.08	
DJ Transport	812.44	813.67	591.56	
DJ Utilities	191.58	191.27	154.13	
S&P Composite	236.05	235.71	179.11	

LONDON				
	FT Ord	1,425.9	1,419.4	962.5
	FT-SE 100	1,171.6	1,170.2	1,274.8
	FT-A All-share	832.38	825.0	615.7
	FT-A 500	917.63	909.14	674.38
	FT Gold mines	290.5	282.6	509.3
	FT-A Long gilt	9.01	8.95	10.56

TOKYO				
	Nikkei	15,272.24	15,555.51	12,683.1
	Tokyo SE	1,218.08	1,243.90	996.91

AUSTRALIA				
	All Ord	1,144.2	1,136.0	837.5
	Metals & Mins.	555.3	560.4	536.7

AUSTRIA				
	Credit Aktien	114.47	114.74	74.34

BELGIUM				
	Belgian SE	3,609.46	3,582.17	2,272.78

CANADA				
	Toronto	2,330.0	2,294.3	2,047.0
	Composite	3,051.0	3,029.9	2,800.3
	Montreal	1,588.32	1,571.36	1,28.54

DENMARK				
	SE	n/a	244.4	183.05

FRANCE				
	CAC Gen	n/a	n/a	215.7
	Ind. Tendence	141.7	139.2	76.2

WEST GERMANY				
	FAZ-Aktien	699.94	695.57	412.4
	Commerzbank	2,124.0	2,107.1	1,191.5

HONG KONG				
	Hang Seng	1,625.20	1,603.27	1,450.35

ITALY				
	Banca Comm.	728.13	732.92	284.41

NETHERLANDS				
	ANP-CBS Gen	268.9	267.3	203.3
	ANP-CBS Ind	255.5	253.4	164.3

NORWAY				
	Oslo SE	353.95	352.17	313.36

SINGAPORE				
	Straits Times	583.28	597.41	814.18

SOUTH AFRICA				
	JSE Golds	-	1,216.9	1,067.9
	JSE Industrials	-	1,143.6	901.0

SPAIN				
	Madrid SE	181.84	182.24	82.57

SWEDEN				
	J & P	2,139.54	2,098.57	1,394.98

SWITZERLAND				
	Swiss Bank Ind	599.0	595.1	417.8

WORLD				
	MS Capital Int'l	306.3	307.9	202.1

COMMODITIES				
	(London)	April 3	Previous	
Silver (spot fixing)		353.25p		347.65p
Copper (cash)		£971.50		£965.50
Coffee (May)		£2,345.50		£2,387.50
Oil (Brent blend)		\$11.00		\$10.70

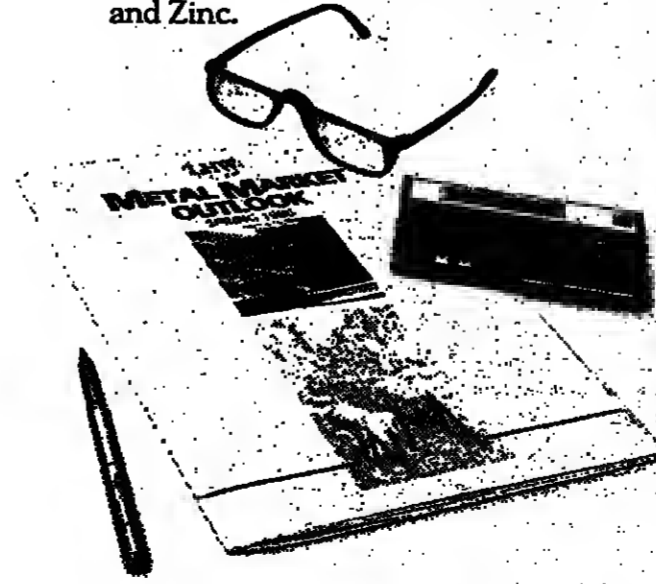
GOLD (per ounce)				
	(London)	April 3	Previous	
London		\$333.25		\$335.50
Zurich		\$335.25		\$336.55
Paris (fixing)		\$336.76		\$337.94
Luxembourg		\$337.20		\$338.20
New York (June)		\$338.20		\$339.50

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